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WAGES FRONT

By the same Author :

BRITAIN'S COAL

WAGES FRONT

Prepared by

MARGOT HEINEMANN

for the Labour Research Department

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AUTHOR'S NOTE

This book has been written in the course of my work on the staff of the Labour Research Department. The material was mainly compiled during 1946. While every effort has been made to bring it up to date to mid-1947, with the inevitable delays of publishing at present it is likely that further changes in detail will have taken place by the time it appears. Nevertheless, I hope it will serve to provide concrete information and argument for the serious discussions now taking place, both in trade union and political circles, on wages policy, and perhaps to remove some misunderstandings. The factual appendices have been included as examples of different types of structure, and not as a comprehensive guide.

The compilation of the book, incomplete as it is, has only been possible because of the co-operation of many leading trade unionists and economists, who have provided both information and helpful suggestions. I would like to thank especially Mr. W. Airey, Mr. G. Eastwood, Mr. J. Fletcher, Mr. L. Gregory, Mr. J. Hammond, Mr. A. Horner, Mr. Z. Hutchinson, Mr. J. Jefferys, Mr. H. Kanter, Miss P. King, Mr. Gavin Martin, Mr. J. Mathieson, Mr. L. Powell, Mr. J. Ryan, Mr. J. R. Scott, Mr. W. Warren, and Mr. W. Zak.

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FOREWORD

No one who depends on them for his livelihood underestimates the importance of wages. This is the great majority. The small minority who do not depend on wages attach equal importance to rent, interest, and profit. This conflict over the division of the product of industry is the essence of capitalism which has, in fact, been called the " wages system." It is a system under which the means of production are owned not by those who do most of the work, but by the few who buy for wages the labour power of the many. While the object of the wage earners is, very naturally, to increase their wages, their employers try to keep the price they pay for labour power as low as possible so as to swell the share of the value produced accruing to those who own.

Practically every social conflict stems from this fundamental struggle going on under the capitalist system. Hence the great importance of a clearer understanding of wages, a subject almost as complicated as capitalist society itself.

Miss Heinemann's book makes a really constructive contribution to this understanding. It has the outstanding merit of making a serious attempt to get at the root of the issues and of distinguishing the important from the trivial. It places wages in their historic and social perspective showing how the wages structures in various industries have developed over the years. This study demonstrates the absence of fundamental change even in recent years, despite the rapidly changing social scene and the transformation of industrial technique. Some of Miss Heinemann's conclusions are controversial. What good book on a basic social subject could fail to be? One thing, however, stands out: that the wages structure, developed during capitalism's formative period, in which the skilled artisan is placed at one end and the " unskilled labourer " at the other, has no place in industry today—unless the object is to preserve a pattern which has proved its value to those who are determined to go on exploiting the worker's labour power.

Not only has the industrial structure undergone vast changes, but also today something like 20 per cent of productive industry is, or is about to be, nationalised. We have a Labour Government, pledged to maintain full employment. The organised workers are demanding a real voice in deciding what is produced and how. Above all, we have a chronic production crisis which, if not overcome, is likely to lead to a sharp drop in living standards.

In the circumstances, no adequate wages structure can fail to take account of new skills other than those of the all-round craftsman. Wages must have regard to the character of the job and the number of people willing to do it. Every single thought on the subject of wages must be conditioned by an awareness of the basic conflict over the division of the product of industry and such modifications as arise from nationalisation and other forms of State control. Within the Labour Government these things are mostly agreed. Controversy arises mainly on method and tactics.

Miss Heinemann's work deals with these problems; it faces up to the issues. Hence its great value for those engaged in any form of wages negotiations who, pre-occupied with their own problems, only too easily—and here I speak from experience—tend to lose sight of the broader aspects. It helps us to see more clearly the links between one industry and another; between one phase of development and another. No one who reads it can fail to learn. I advise every trade unionist to read it and every wage negotiator to study it closely.

July, 1947. GAVIN MARTIN.

I—Wages and Labour Strategy

The aim of this book is to set out and examine the urgent wages problems facing the unions in the period of the first majority Labour Government.

Throughout the trade union movement the return of a Labour Government has opened up the hope of greater increases in living standards than it has ever been possible to achieve before. The whole movement, from top to bottom, is finding its bearings in the new situation and seeking the right strategy to turn it to the fullest advantage of the working class. This is why full, up-to-date information, both on present wages agreements and on the economic prospect, is so greatly in demand in the unions today.

Before considering the problems in detail, however, we need to understand the vital role of wages in the achievement of Labour's programme as a whole.

The Labour Government inherits from its Tory predecessors a most formidable economic problem, insoluble by capitalist methods. The next steps to strengthen the working class and to increase its control of national life have to be taken at a time when the old, traditional basis of British capitalist economy is very much weakened. It is impossible for imperialist economy and policy to be continued with success. It is in relation to this new setting that wages policy, and trade union policy generally, have to be considered.

Changed World Economy: Position of British Imperialism

The British working-class movement grew up in the period when the British ruling class was the most powerful and advanced of all. British capitalism in the past lived by levying tribute on the whole world. Since the beginning it has drawn extra nourishment, first from piracy and plunder of the East and Central America; then by its long start in industrialisation which gave it a world monopoly; still later by converting the empire into sheltered markets for its exports on the one hand and a source of cheap labour and raw material on the other.* Although exports formed before the war only a comparatively small part (15 per cent) of industrial output, imported food, and especially raw materials, played a key role in British economy.

Today the British working class is no longer living in the strongest imperialist country. If it leaves the conduct of economic affairs to the capitalists it can expect, not a tidy share in the proceeds of the exploitation of the world, but severe wage cuts and chronic unemployment. Production has to be increased and the capitalists are incapable of increasing it. The growing realisation of this played its part in bringing the Labour Government to power.

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* Even the extra cream on English milk was due to importing quantities of tropical oilseeds, and leaving the soil of West Africa, etc., unfertilised and at the mercy of erosion.

Effects of the Second World War

During the war Britain's economic position, seriously undermined in the 1920s and 30s, has decisively changed. Already before the war visible exports were declining, and by 1938 only half our imports were paid for by exports of goods, the remainder being covered by interest on overseas investments of British capitalists, shipping and financial items (such as insurance and bank commissions). In the immediate pre-war years these items fell short of the sum required for imports, leaving a deficit of £40 million in the trade balance as a whole.

During the war a large proportion of the overseas investments of British capitalists have been sold to meet war costs: income from this source is down from £175 million to £80 million (net in both cases), and in addition a large sterling debt (about £3,000 million) has been accumulated with the Empire and neutral countries. Further, during the war Britain became, more than ever before, dependent on the U.S.A. as a source of imports both of raw materials and finished goods. Because of the devastation of Europe, this dependence has gone on into the post-war period.

In terms of productive power, the United States advanced enormously during the war, touching double the pre-war output in 1943. In Britain production rose to about 25 per cent above pre-war, but the increase was concentrated in the engineering and chemical industries, while consumer-goods industries were severely cut down and, with many basic industries, were unable to get normal replacements of plant and fell further behind technically. Before the war, it is estimated, industrial production per man-hour in the U.S. was 2¾ to 3 times that in Britain. Today the difference is probably greater still.

Even to maintain pre-war living standards (with 25 per cent of our children severely undernourished and half the population below any reasonable level of nutrition) Britain has to achieve an increase of 50-75 per cent in the volume of exports above pre-war—say an increase of 12 per cent or thereabouts in national production to provide extra exports alone. To meet the greatly increased U.S. competition that must be expected in export markets, not only the production but the productive efficiency of British basic industry—now notoriously out of date—will have to be sharply increased. Over and above this, great advances in production are needed to cope with rehousing and to raise living standards above pre-war levels. The slow growth of productivity before the war (1½ per cent per year*) is not enough to do the job.

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* Estimate by Colin Clark for the inter-war period.

The seriousness of the production position has been to some extent disguised by the U.S. loan, which has allowed Britain to continue more or less normal imports of raw materials, and to claim an extra share of scarce world food supplies, in spite of the fact that she is not at present (on the basis of her own resources) in a position to pay for them. Petrol, newsprint, tobacco, food are all being imported on a scale that is lavish by comparison with present European standards. True, British exports rose sharply in 1945-46. In the period of post-war shortages and stored up purchasing power, it is comparatively easy to sell almost anything at almost any price. But the danger remains that when the " seller's market " is exhausted, when our customers feel the effects of overproduction in the U.S.A. and U.S. competition becomes more acute, Britain may be faced with really serious difficulty in selling exports, and consequently in buying imports. Unemployment and wage-cuts may then threaten no less seriously than in 1931.

The U.S. loan gives precious time for reconversion—time that would be worth thousands of lives in any country of Europe. We should not underestimate its value. But the need remains for greatly increased production—especially of coal, cotton and steel—and revolutionary changes in industrial efficiency and technique. If the loan is made an excuse for not tackling this problem, it becomes a danger. Instead of saving time we lose it; and in view of the rapidity with which the American economic crisis seems likely to develop, we have not a great deal of time in hand.

Measured against these tasks production and the productivity of industry is still advancing too slowly and lopsidedly. By the time this book appears in print there is unlikely to be any shortage at all of electric irons or electric fires, radio sets or motor bikes: but I venture to prophesy that there will still be an alarming coal shortage crippling foreign trade and home recovery. There will still be grave shortages of steel for machinery and housing, of cotton and woollen textiles—in short, of almost all basic home-produced materials. There is still serious and persistent difficulty in persuading workers to return to basic industries like mining, foundries, cotton, wool, because of the bad wages and conditions; and the same reason is undoubtedly partly responsible for the fact that so few of the additional women who took paid employment during the war are maintaining it now.

Another danger signal is that the tendency for the share of profits to increase and the share of wages to decline—a feature of the war years—has not so far been reversed. During 1945-46 earnings were falling, due to the reduction in overtime, lower piecework earnings, and the transfer back to lower paid industry.* Meanwhile prices and profits were rising. This trend holds the danger of new economic crisis.

In the immediate post-war period, the capitalists have been prepared to buy machinery, plant and materials, even at very high prices. They have had ample resources to do this in the form of their accumulated depreciation reserves and the profits which they have been unable to " plough back " in new capital equipment during the war years. The capital-goods industries, as well as the consumer-goods, are enjoying swollen profits. For the time being, the resulting high prices of finished products are not seriously limiting sales, because consumers, both at home and in export markets, still have some reserves of purchasing power which they have been unable to use in the war years. But these savings will not last for ever, and in relation to the *current* income of the mass of the people, prices, both for capital goods and consumer goods, are extremely high—an unstable and dangerous position. The more cautious capitalist groupings, remembering 1921, are already looking forward to the expected slump. They realise also that, owing to the speed with which the forces of overproduction crisis are developing in U.S.A., Britain's export market may soon suffer severe impoverishment while U.S. export competition becomes much keener. This may result in inability to import sufficient raw materials and consequent unemployment, long before the urgent needs of the people for houses, clothing, furniture and better food have been satisfied.

Thus there are grave dangers of depression, in which the British working class would once again face a tremendous onslaught by the employers against its wages and living standards. Nothing less than an overall national plan for investment and production as a whole, to which employers must conform, will be able seriously to lessen the crisis and its effects on the working class.

These are the immediate problems facing the Labour Government and the trade union movement. The wages and standards of the working class depend on finding a solution in the direction of greater power for the workers to control and plan economic resources, less power for the capitalists to misuse them in the cause of profit—a solution, that is, in the direction of Socialism. High wages in Britain demand, moreover, the development of production and purchasing power not only in this country, but in the colonies and the new democratic States of Europe—a development which runs completely counter to traditional imperialist policy.

We propose to show in the course of this book how the line pursued in relation to wages can help or retard the advance of the working class towards solving these problems. Some of the possibilities are already becoming clear.

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* In October 1946 men's weekly earnings were still only 120/9 on average, compared with 123/8 in January 1944 and 124/4 in July 1944 (Ministry of Labour Survey).

First of all, bottlenecks in the priority industries have to be broken. This cannot be done in peacetime simply by the wartime direction of labour. It must be done by improving wages and working conditions in the basic industries. Working conditions may take a little while to deal with effectively—new buildings, new processes may be needed. Wages can be changed more rapidly than any other factor.

A better standard of wages not only means a more attractive immediate prospect for the worker in mines, building, cotton or foundries. It is also a gesture of confidence that the industry has a brighter future; a step towards re-establishing the worker's confidence in the basic industries. This effect, however, cannot be got by small, niggling wage adjustments. It can only be got by big, bold changes—often so big that trade unions hesitate to ask for them, and the employers indignantly reject the demands when made.

Wages policy, again, is of key importance in winning the enthusiastic co-operation of the workers in industry generally to increase the level of output. The wage-structure has never been built up in the past with the idea of getting the highest possible output from each worker in the country, and encouraging him to develop to the limit his skill, initiative and technical qualifications. The object has been to get production at a low labour cost, so as to increase the profit—leaving millions unemployed and contributing no output at all. Hence, as we will show, wage systems and practices which fetter the worker's initiative and discourage him from helping to reorganise production. Women workers, in particular, are discouraged from improving their skill and remaining in industry. If the workers are to play their full part in helping to reorganise and speed up production, they will also have to demand changes in the old wage structures and insist on a much fuller reward for their work.

Better wages and shorter hours, as we show later, can act as a spur to the employer to restore his profits by increasing productivity, rather than try to keep going with obsolete equipment and cheap labour.

Above all, higher wages and living standards, wages steadily advancing as the productive power of society increases, are an essential part—though only a part—of the fight against the overproduction crisis that periodically engulfs capitalist society.

Hitherto, aggressive, offensive tactics on the part of the unions in periods of trade boom have soon been checked by the onset of the slump. With the reappearance of masses of unemployed (the "industrial reserve army") forward wage demands are halted and there is a bitter defensive battle against wage reductions. The decisive question is, therefore, whether the Labour Government will so drastically interfere with capitalism and extend its own control and ownership of production as to prevent or lessen the "normal" downswing into mass misery and starvation.

In this fight to maintain employment there are two main fronts—the control of production and the increase of purchasing power in the hands of the people. In spite of the stress laid by some economists on the social services, wages are by far the most important element in mass purchasing power. The wages bill compared with other forms of income shared in by the working class is as follows:

£ millions	*1938*	*1946*
Wages*	1,735	3,020
Social Security payments	229	333
of which: Government expenditure on non-contrib. pensions	47	133
Family allowances	—	19
Milk and vitamin products	—	28
Unemployment allowance	35	3
Exchequer contributions to insurance funds	47	60

(Cmd. 7099, 1947, tables 16 and 19.)

It will be seen that in 1946 total social security payments were only about 10 per cent of the wages bill; and part of the payments were balanced by insurance contributions, so the net addition to the wage bill was only about 8 per cent. A rise of 5 per cent in wages at the expense of profits would have meant more increase in working-class incomes than a rise of 50 per cent in Government expenditure on all social security payments.

It is the traditional standard of life established by the organised workers which determines the level of subsistence payments which the capitalist class is obliged to provide for the unemployed, sick and aged—not the other way round. The unity of the employed workers with those prevented from working by these causes is an essential condition of working-class advance. At most times, however, it is the organised workers in industry who are in the best position to lead the fight on the demands of the whole working class for increased standards.† It is primarily their success or failure in increasing wages, therefore, that will decide whether the people are able to buy as much as can be produced, and make one of the main contributions to maintaining employment.

Wages and Politics

Marx, in *Value, Price and Profit,* warned the workers against placing all their faith in the struggle for the standard of wages.

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* Excluding shop assistants' wages and all salaries.

† The campaigns for higher old age pensions, unemployment benefit, soldiers' pay and pensions and workmen's compensation have all been carried on largely by the trade union movement.

> "Quite apart from the general servitude involved in the wages system, the working class ought not to exaggerate to themselves the ultimate working of these everyday struggles. They ought not to forget that they are fighting with effects, but not with the causes of those effects; that they are retarding the downward movement, but not changing its direction; that they are applying palliatives, not curing the malady. They ought, therefore, not to be exclusively absorbed in these unavoidable guerilla fights incessantly springing up from the never-ceasing encroachments of capital or changes of the market. They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders the *material conditions* and *social forms* necessary for an economic reconstruction of society. Instead of the *conservative* motto: '*A fair day's wages for a fair day's work!*' they ought to inscribe on their banner the *revolutionary* watchword: '*Abolition of the wages system!*'"

The warning is still apposite—more than ever so at a time when the labour movement as a whole, and the trade union movement in particular, has tremendous new responsibilities. When the issue is to increase the power in the hands of the working class, it would be a step back to limit the concern of the trade unions to the field of wages and hours alone. Nor can higher wages in themselves avert the crisis. For this the planning and control of production is essential.

Nevertheless, it is timely to recall the other part of Marx's warning—that *unless* the working class fights continuously on the wages front it is passively accepting capitalist domination and "*disqualifying itself for leading any wider movement.*" The struggle over the division of the product between wages and surplus value is part of the wider struggle between the workers and the capitalists for increased power to direct the political and economic life of the country. The fight over immediate wage-demands is not *distinct from* or *opposed* to the fight to build a new Britain for the working people. It is one of the principal fronts in that battle.

There are at present quite definite tendencies to under-estimate the importance of the wages movement in the whole forward march of the working class. It is not surprising to find that these theories, though given some currency in the Labour movement, have their origins elsewhere.

Thus Sir William Beveridge in *Full Employment in a Free Society* is careful to assign quite a minor role in the achievement of full employment to "redistribution of private incomes" (which would of course include higher wages) on the grounds, among others, that (1) an expansion of "private consumer's outlay" would be *unplanned* and therefore would not automatically soak up pools of unemployment where they existed; (2) that "the additional citizen's outlay might not be directed to those forms of consumption which were socially most desirable": people might waste their money on funerals and football pools, or get radio sets and cars instead of medical services.

The special importance of the battle about wages, hours and prices is that it is the form in which the largest masses of organised workers participate most directly in the fight against the capitalists, and through which they become aware of the wider victories and defeats of Labour's economic policy as a whole. It can be the means of bringing the big organised battalions of the working class into the fight to set and achieve production targets and to sweep aside capitalist opposition and sabotage.

The effort to improve wages and hours today inevitably raises questions about the total production of consumption goods and exports, the productivity and efficiency of industry, the profits and monopoly activities of the capitalist class. The old idea that prices, sales, and the level of employment are dictated by iron laws of economics, to which workers and employers alike must submit, is losing its hold—partly as a result of wartime experience, partly through the observation of close on 30 years of the working of the U.S.S.R., and now through the first experiences of the Labour majority in Britain. In this setting the wages fight takes on a new aspect.

The unions today are less willing than ever before to take the employer's word as to the wages industry can afford to pay, or the minimum profit margins with which it can carry on. They now demand that industry shall be so reorganised that the workers' demands for a reasonable living can be met; this is an aspect of many wage claims in recent years. Nor is this new approach made merely because the unions today have better information services than they used to, and go into conference at least as well briefed as the employers about the state of trade (and, so far as published material allows, about the profitability and technical efficiency of the industry). The change is primarily due to increased political, Socialist consciousness among the membership (reflected in the 10,000,000 Labour votes of 1945), to the growing realisation that the private ownership and control of industry is neither the most efficient way of running it, nor the only possible way.

This change in attitude is, of course, incomplete and uneven as between different sections of the Labour movement. It has been most marked, perhaps, among the miners (who have long looked to political working-class control of the industry as the next logical step in their fight for better living standards) and among the engineers, where it was greatly strengthened by the wartime movement for joint production committees—in effect, for a say in the day-to-day management. The experience of a Labour government will inevitably strengthen the demand of the unions for interference with the workings of capitalism itself.

Meanwhile, when the worst has been said about trade union *concentration on pennies and twopences* in the wage packet, it is not a bad thing that the workers should—as undoubtedly they do—continually measure the results of Government control and nationalisation by their effects upon wages and prices. The miners' first requirement from nationalisation is that it should afford a better standard of wages and conditions and shorter hours—a test which could have been applied with advantage to the arrangements made to set up the L.P.T.B. in 1933. The public will watch transport nationalisation with a keen interest in the fares charged. The question whether a given measure of nationalisation or control is aiding the workers on the path to Socialism, or merely salvaging the profits of bankrupt millionaires, can usually be answered pretty accurately in terms of wages, prices and profits.

II—Wages, Prices and Profits

The strategy of the organised workers on the wages front must be based first of all on a clear understanding of the nature of the wages system. What are wages? How does profit arise? What determines the division of the product of industry between the worker and the capitalist?

Both wages and profits are derived from the wealth produced by labour. The value of a particular product in relation to others is ultimately determined by the amount of work, of the human labour of society, required for its production. It is, of course, clear that the actual price of an article at any given moment is not directly and solely dependent on the labour embodied in it; forces of supply and demand, degrees of monopoly and competition cause variations and fluctuations in the price under capitalism. Nevertheless, as soon as the economists begin to consider not merely particular detailed transactions but the national production as a whole, and to plan economic life on a national basis, they are compelled to estimate the national resources in manpower terms—that is, in labour. The experience of "manpower budgets" in the war years and now under the Labour Government brings out in very practical form the basis of value in the labour requirements of a given product. The purely subjective theories of value (based on comparing "consumer preference" and relative utility for Rolls Royces or greyhound racing as against coal) cannot be used in practice for planning the resources of a nation or even of a great private combine; nor do these help in understanding the development of society.

But if value is determined by work, why is it that the shareholder, who does no work, receives more value than the industrial worker?

The origin of profit, as Marx first showed, lies in the fact that the working class, divorced from the means of production and lacking alternative means of livelihood, are forced to sell themselves (for a given number of hours per day) to an employer who does possess the means of production (land, factories, machinery) with which labour can be set to work. Labour-power thus becomes a commodity: and like any other commodity, its value is determined by the labour time its production costs. Because of his exclusive ownership of the means of production, the capitalist is able to take the whole value of the worker's labour, while paying him only the value of his labour-power. Just as much as the feudal serf, his predecessor, the industrial worker works only part of his working time for himself; the rest (corresponding to the feudal " corvee " or unpaid labour on the lord's land) he works to provide the capitalist with " surplus value," from which rent, interest and profit are derived (by division of the surplus between the employer, the landlord and the banker).

The average rate of profit in capitalist society does not depend on the arbitrary whims or habits of businessmen, but on the amount of unpaid labour the capitalists as a whole are able to extract from the workers at the point of production—that is, the total hours of work that the productive workers can be made to do, over and above that work which is necessary to maintain them and their families and for which they receive an equivalent in wages. The crucial point is the rate at which the capitalists are able to exploit labour—the ratio between the paid and the unpaid labour time. This " rate of exploitation " in turn depends on two things: the cost, in labour time, required to produce the necessary daily subsistence for a worker and his family, and the length of the working day.

To put the matter in another way, the average *real* wage (i.e., the purchasing power of wages) is determined by the productivity of labour in the capitalist society concerned, and the relative share of the product taken by the workers and the capitalists respectively. Neither of these is fixed or stable; both are affected by the course of the struggle between the organised workers and the employers on the economic and political fronts. As Marx put it:

> " The question resolves itself into a question of the respective powers of the combatants." (*Value, Price and Profit.*)

The degree of exploitation to which the workers as a whole are subjected thus depends on the standard of living they are able to establish and maintain by their organised efforts over industry as a whole. It is precisely this truth which certain economists try to deny, but which is daily confirmed by the resistance put up by the employers to wage demands.

In the same way, the workers have learned by experience that their battles over wages *do* produce a real effect—though not by any means always a lasting one—on the general standard of life of their class. At least their organisation has enabled them to resist to a considerable extent the steady pressure of capitalism to *reduce* living standards.*

Accordingly the trade union movement acts on the knowledge that, while capitalism itself sets limits to the increase of wages and productivity, there is tremendous room for variation in wages according to the larger or smaller share of surplus value which the capitalist is allowed to accumulate for himself, as well as the speed with which productivity increases; and the strength and determination of trade union organisation can therefore obtain considerable improvements in real wages.

It is, however, frequently argued, both by employers and by some economists, that money wage increases do not and cannot lead to increases in real wages. They reason that if wages are raised by trade union action, prices must rise correspondingly; the employer will pass the increase on to the consumer, and the working class as a whole will be no better off. Alternatively, if prices do *not* rise, unemployment will increase, and the unemployed workers will lose as much as the employed workers gain.

This argument is entitled at least to the respect due to old age; for under various forms, it has been put forward by economists in defence of whatever happens to be the existing level of wages for well over a hundred years. It is, indeed, closely related to the older theory of a " Wage Fund," the notion that there is only a fixed quantity of goods available for the sustenance of the workers, and any attempt to increase money wages is therefore bound in the end to defeat itself by bidding up the price of these " wage-goods."

The argument also finds its way into Labour and trade union circles, especially in the period of acute shortage of labour and goods on the one hand and piled-up purchasing power on the other which succeeds a great war. For the past ten years or so we have been living in a period of rearmament, war and post-war boom, and it is 15 years since the last catastrophic fall in prices. It is natural enough, therefore, that the ease with which prices can be raised should be in the forefront of people's minds, while the long-range forces which may pull them down tend to be forgotten.

The point is obviously extremely important. For if it were true, it would follow that any wage-advance obtained by trade union action in a particular industry must be a purely sectional gain made by one group of workers at the expense of another, and not at the expense of the capitalist class. To economists who fully accept this view, the wages struggle and the whole historical fight of the trade union movement appear to have comparatively little to do with maintaining or improving living standards, and even less with the advance of the working class towards Socialism. It is necessary, therefore, to consider in some detail what truth, if any, there is in this line of reasoning.

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* It is not our purpose here to discuss how far, in this long battle between the organised workers and the capitalists in Britain, the workers have or have not obtained real improvements in their standard of life. It is pretty generally agreed, however, that the much greater strength of trade union and labour organisation has not enabled them for the past seventy years or more to increase the share of wages in the national income; a testimony in itself to the growth in capitalist organisation and the influence of the " industrial reserve army " of unemployed. This fully bears out Marx's argument that " The very necessity of *general political action* [by the workers to secure a limitation of the working day] affords the proof that in its merely economic action capital is the stronger side." (*Value, Price and Profit*).

Three main forms of the argument may be examined. They can be summarised roughly as follows:

(1) In a period of shortage of consumer goods, wage increases " bid up " prices and cause a vicious inflationary spiral of wages and prices to develop.

(2) Since all production costs are in the last resort reducible to wages costs, wage increases must cause an equivalent rise in costs and therefore in prices.

(3) In modern capitalism, where competition has largely given place to monopoly, the capitalists can and do pass on any wage increase to the consumer, even apart from exceptional war-time shortages.

The three lines of argument are closely linked together, but for purposes of analysis they can be considered separately.

First, it is argued, when there are severe shortages of consumption goods, as there are in the period during and immediately after a great war, an increase in wages brings about an increase in prices, because it increases the *demand* for consumption goods, and hence " bids up " their price. The wage increase does not add anything to the national stock of consumption goods, all it can do is increase the amount of money in the market for them, and hence set up a " vicious spiral " of rising wages and prices. Hence it is wrong for the unions to press for increases in these conditions.

It is clear enough that where the supply of consumption goods is small in relation to demand, the capitalists will tend—if they are allowed—to raise their prices in order to make an extra profit. This is the very nature of war-profiteering and famine-profiteering (and incidentally, the foundation of many great fortunes and monopoly combines). Prices rise *first*, and wages follow at a distance: as a result profits increase.

The manner in which the price controls were worked during the war and in the post-war months has indeed lent colour to the view that a wage increase must be reflected in a price increase. Faced with an acute shortage of labour, and the possibility of a very high rate of profit if only they can get workers, the capitalists in many industries have yielded to pressure for wages increases. They immediately demand an increase in controlled prices, however, sufficient (and very often much more than sufficient) to compensate them fully for the rise in wage-bill. Since in the prevailing conditions the controlled maximum has become in practice the minimum price for most goods (the shortage giving every industry as it were a monopoly position) it is sufficient for them to get an increase in the controlled " ceiling " price to achieve their object of maintaining their rate of profit on the increased outlay. There is thus very little stimulus to increased efficiency.

This process has plainly been at work in 1945-46. In the immediate post-war months a number of increases in wages were agreed, often aiming to attract workers back into the shrunken peacetime industries. Wage-packets generally had been cut by the ending of overtime and of wartime piecework earnings and the workers were demanding an increased wage rate to enable them to maintain something like their previous living standard at the high post-war prices. In clothing, furniture, railways, brickmaking, for example, the capitalists conceded increases. In due course they went on to make successful demands for increases in controlled prices to cover " higher wages and other increased costs."

By the time the farmworkers' wage increase to £4 a week was granted in May, 1946, the precedent had been firmly established. The farmers protested, with every symptom of righteous indignation, because while the increase in prices granted by the Government, amounting to £15 million, covered only 93 per cent of their increased wage-bill, some of it would go to farmers employing no labour. In other words, they claimed that every penny of the wage increase paid by farmers employing labour should, as of right, be passed on to the consumer, even if this meant adding considerably to farm profits as well. And if their attitude seems unreasonable, it must be allowed that they had a much stronger case (in terms of lower profits) than most of the industries which had gone through the process just before.

But it does not follow from this that in shortage conditions the workers should refrain from wage-demands. The proper way of dealing with shortages is by rationing and stricter control of prices—the method adopted, under strong pressure from the unions and the Labour movement, during the war. In spite of many weaknesses in the way these controls have operated (in particular the over-generous profit margins and the large proportion of non-utility production) they have certainly prevented prices outrunning wages to anything like the extent they did in the First World War. The way forward is not to freeze wages but to tighten up price-control.

The more severe the shortages of consumer goods are, the more necessary it is that the workers should be able to buy their share, and the more important it is, therefore, that wages should not be allowed to lag behind when prices and the profit-incomes of the capitalists have risen. Otherwise the workers will not be able to buy the goods they urgently need (how can a farmworker on £4 or a woman engineer on 62/6 buy their minimum needs?) and the lion's share left for the capitalists will be correspondingly larger. (See chapter on " Low Wages and Minimum Wage.")

The "vicious spiral" argument is sometimes presented as though the main danger of inflationary pressure on prices came from rising wages. It is implied, if not stated, that extra purchasing power is safer in the hands of the capitalists, because they do not spend their money on consumption goods as the workers would; therefore they do not bid up their prices.

The first answer to this very short-sighted argument is " Don't they just!" For while capitalists do not spend *all* their income on lavish consumption, they do spend quite a lot of it that way, and " bid up " prices accordingly. Everyone knows that at the present time a large quantity of food goes via the black or " grey " market into West End luxury restaurants and hotels. Everyone knows that utility production in clothing is held back by the drain of resources into supplying the luxury market for coats and suits at £35 and £50 each. The latest scandal is the diversion of building labour and contractors from work for local authorities at controlled prices to luxury redecorations where money is no object. How can it be argued, in face of this daily evidence of the " pull " on our national resources exerted by the luxury spending of the rich, that the only danger of bidding up prices comes from increased wages, while the rich can safely be left with the money because of their lower " propensity to consume "?

But further, the rest of capitalists' expenditure, that on *capital* goods, also tends to bid up their prices (which are largely uncontrolled today) and thus to cause a rise in the cost of the final product. When the capitalists have a large amount of spending power in hand, capital goods—factories, machinery, raw materials, land—are bought at a high price in the expectation of being able to sell the finished product at a still higher price. Speculation of all kinds develops, both in commodities and on the Stock Exchange—the capitalists attempting to profiteer out of selling existing goods at an exorbitant price rather than engage in the longer and more difficult process of increasing production. This helps to prepare the way for a crash later.

This is certainly not an academic argument. It is happening today on a grand scale. On the strength of the temporary world shortage of cotton goods and consequent high prices, mills in Lancashire are being " floated " as public companies with a tremendously inflated capital, giving the capitalists a stake in raising cotton cloth prices to the highest possible level in order not to lose on their investment. The cotton trade unions have called attention to this as a scandal which may have as disastrous effects in Lancashire as did the similar gambling in mill shares after the First World War. Again, a study of recent prospectuses and company announcements for information on the Stock Exchange show large surpluses. The prices of machinery and plant generally have been bid so high that industries which re-equip now will face a heavy addition to their costs for years to come.

Thus the argument that the extra purchasing power is somehow " safer " with the capitalists, less likely to cause a price rise than if the workers had it, cannot be sustained. On the contrary, left in capitalist hands it tends to pull the whole economy away from supplying the needs of the people. It must be remembered that a large part of the spending power in any year derives from capital owners direct—from the trusts for re-equipment, investment, purchase of raw materials, semi-manufactured goods, and so on. Their policy in this regard is of great importance in the price structure. Hence forms of rationing and price control, to be fully effective, must be extended into the field of capital goods also—as they were in wartime, but have largely ceased to be in the post-war period.

It is this " vicious spiral " form of the argument that has become most familiar to union officials presenting wage-claims in the war and immediate post-war years. Even employers in industries where profits are sky-rocketing have solemnly appealed to the unions to hold back on wage demands " in the national interest." But today both employers and Arbitration Boards are beginning to look towards a time when goods will no longer be scarce relative to demand and the problem will be to sell the goods that are produced. In this situation special stress is laid on the second argument, that wage increases must necessarily increase costs, and therefore increase prices—a serious matter, especially in export markets.

The first point here is that wage increases do not always raise costs. For example, a general rise in wages, which enlarges the market for consumer goods, may enable a plant to operate at maximum capacity. In highly-capitalised modern industries, with a large amount of machinery, buildings, etc., the factor that affects their operating costs more than any other is whether they are able to run to full capacity or only at half-speed. This is a factor completely overshadowing changes in their wage-rates. When a depression occurs, and employers try to cut wage-rates as a means of reducing costs, experience shows that they are unable to do so sufficiently to make any serious impression, because of the rising burden of overhead costs. In a boom, on the other hand, such undertakings can carry a large increase in wages and yet show a reduction in production costs.*

The basic fallacy, however, lies in assuming that prices are utimately determined by the employer taking production costs as given and adding on a fixed profit (or a fixed percentage of profit) on turnover.

In practice this is not how things normally work. The employer must, of course, cover his production costs in order to go on producing at all for any length of time, and it may be true that in the first instance he will try to arrive at his selling price by adding on to prime costs a conventional allowance for 'overheads' (including profits). But the margin of profit that he can realise over a period will depend both on the state of trade (i.e., the amount of purchasing power in the market for his particular goods) and also on the prices at which competitors are selling an equivalent or partly equivalent article. This may tend to be forgotten in a period of post-war boom when, for a short time, almost anything will sell at almost any price (though it is a factor even in these conditions); but in the longer run it is decisive. The employer who raises prices without regard to purchasing power will be unable to sell his goods; eventually stocks will pile up and will force a reduction in prices. The "average rate of profit" is a rate on *capital* and not on turnover, and it is realised only as a rough average over a period of ups and downs.

The idea that price changes depend directly on wage-rates, or even on changes in labour cost, is refuted in detail in an important study of the relation between wage-changes and price changes issued by the U.S. Bureau of Labour Statistics in 1942 (as part of the Temporary National Economic Committee's investigation of the Concentration of Economic Power). The investigation covered firms in the shoe, paper, cotton, textile and agricultural implement industries. General results were summarised as follows:

> "Price changes were not based primarily on wage-rate changes, even when wage-rate changes were fully reflected in labour costs. Changes in labour costs were not the most important causes of changes in total costs per unit of output in any of the companies included in this study. In the International Harvester Co., changes in the overhead cost per unit

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* "In the International Harvester Co., wide fluctuations in volume and consequent changes in unit overhead were of outstanding importance. Increases in unit overhead caused the total season's factory cost of production to rise between 1929 and 1933 for every one of the products studied by amounts ranging from 13 to 80 per cent, even though labour costs and prices of materials purchased in the open market were concurrently falling. From 1933 to 1937, on the other hand, season's factory costs were reduced by from one per cent to 43 per cent for selected models, although wage rates and raw material prices were rising." Temporary National Economic Committee (U.S.) Investigation of Concentration of Economic Power. Monograph No. 5. "Industrial Wage Rates, Labour Costs and Price Policies" p. xxi.

> of output due to wide fluctuations in the volume of production dominated the cost figures in the broad swings of business from great activity in 1929, to depression in 1933 and recovery in 1937. In the other three industries raw material costs were the principal factors in changes in total costs per unit of output.
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> " Moreover, the relations between costs and prices were by no means close, but differed greatly in character from industry to industry. These studies suggest that in most companies costs are far less important in immediate price-policy decisions than businessmen are accustomed to believe. In general there was a tendency in periods of depression to try to reduce costs because of the declines in prices required by the market situation, and in prosperity to increase prices as required by rising costs. But costs and prices seldom changed by the same amount or in the same proportion. Cost was in reality a point of departure, its influence depending upon the degree of independence that each company had in fixing its prices or the nature of the competition it faced, the control it could exercise over its costs, and the attitude of its executives toward pricing" (loc. cit., p. x).*

The report underlines time and again that wage changes do not directly determine either changes in costs or changes in prices.

> " It cannot be too strongly emphasised that the relation between costs and prices is not direct, mechanical, or exact. The cost structure of a concern and the condition of its markets establish certain limits within which decisions must be made, but within these boundaries there may be a broad field for the exercise of individual judgment" (p. xxiii).

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* The report instances the fact that a monopoly concern like International Harvester Co. did not believe that moderate price reductions would appreciably affect sales, because of the low level of farm incomes, and accordingly did not make any substantial price reductions in 1929-33. (p. xxiv).

Somewhat similar conclusions are reached by Mr. A. F. Lucas in his study of pre-war price-fixing by monopolies and cartels in Britain (Industrial Reconstruction and the Control of Competition):

> " British price-fixing procedure is characterised by the absence of all pretence that prices can be based upon any abstract ideal of an inherently proper price. On the contrary, prices are for the most part merely a reflection of such pragmatic considerations as the volume of sales, potential competition, and the goodwill of the consuming public." (p. 262).

The cost of production as the ideal basis for price-fixing is " debunked " by Mr. Lucas as " unsound in theory and unworkable in practice " because of the wide differences in cost. If prices are based on the costs of the large majority, the high-cost producers may break away. " Deliberately ignoring more than an isolated few of the less favourably situated firms is a policy that no voluntary association can undertake with impunity. . . . On the other hand, to fix prices that will cover the highest costs . . . frequently encounters strong opposition from the efficient producers."

Lucas investigated the movement of prices of 55 commodities from 1933-35: 32 were highly controlled. 18 definitely unregulated, the rest doubtful. Those subject to monopoly control in the main varied *least* and those uncontrolled varied most. But

> " Stability cannot be maintained in defiance of economic forces, nor will industry in general be willing to ignore an opportunity for elevating prices merely to preserve the ideal of stability."

In so far as changes in prices and wages are related at all, according to the report:

> " It appears to be more usual for price changes to bring about wage changes " (p. xxv).

The Commissioner of Labour Statistics, in his letter introducing the report, put his finger on the reason why employers concentrated so closely on wage-costs as distinct from other matters—because of their close connection with profit, with the extraction of surplus value.

> " Notwithstanding the subordinate role played by labour costs in price policies in these companies, labour costs were universally a principal concern of management because of their effect upon profits and upon the cash position of a company. There were numerous occasions when falling prices required cuts in costs to avoid or reduce losses, and labour costs alone were capable of immediate reduction. Although, in these companies, changes which could be made in labour costs were seldom sufficiently great to affect prices appreciably, they were great enough to make a big difference in profits " (p. xi).

This factual statement clearly exposes the fallacy of the argument that profits are merely an arbitrary percentage added automatically to wages by the capitalists. Only when the market conditions are in any case highly favourable to increased prices will the capitalists be able to " pass on " wage increases. And even then they do not do so automatically. A general increase in wages may, indeed, have exactly the opposite effect; it may, for example, encourage the producer of cars or radios to lower prices of a model in order to get a large " mass-production " market which would have been impossible without the wage increase. And apart from such extreme cases, a capitalist may not feel it worth the risk of narrowing his market (and consequently increasing his overhead costs) by raising prices to cover every wage increase.

The third, and probably the most important argument, is that which relates to monopoly: that in monopoly conditions, even apart from an abnormal post-war boom, the employer can freely pass on wage increases as he could not do in competitive conditions; in other words, he can keep prices permanently above their values, and by so doing raise the rate of exploitation of the workers. Or he can raise prices in response to a wage rise in some other industry. If sales tend to fall off owing to this high-price policy, his monopoly position allows him to maintain prices by restricting production (thereby causing unemployment which in turn helps to lower wages). Hence money wage increases do not help the workers in conditions of advanced monopoly capitalism.

It is undoubtedly true that a wage-increase *may* give rise to a price increase in a monopolised industry, especially in boom conditions. If this occurs in an industry producing goods bought by the workers (say cigarettes, soap or building materials), and there is no counterbalancing rise in wages elsewhere, the workers in other industries suffer a reduction in real wages, and consequently there is no rise in the real wage level as a whole.

There are, however, some important qualifications. The extra excess profit realised by the monopoly may be partly or wholly at the expense of other smaller capitalists rather than the workers. A price rise for monopolised wage goods will usually lead to a demand by the workers in other industries for wage increases to meet the rising cost of living and maintain the value of labour-power. If a wage rise occurs in a non-monopolised industry the capitalists will not so easily be able to pass it on, and if the workers are strongly organised the final result may be that the total real wage rises while profits are " squeezed " in the less monopolised industries. The same thing applies where the monopoly is selling production goods (steel, chemicals, dyestuffs) to another capitalist who himself has to sell his final product (textiles, machinery) in a competitive market. Taking booms and slumps together, this is undoubtedly a major effect of monopoly.

A further qualification is that a monopoly does not fix its prices independently of market conditions. Indeed, where industry *as a whole* is very largely monopolised, the weaker cartels and combines find great difficulty in maintaining prices. The prices of some highly monopolised products were held remarkably steady throughout the world crisis from 1929 onwards. But this did not prevent prices *as a whole* from falling more sharply and catastrophically in this crisis, under conditions of advanced monopoly development, than in any previous crisis. The attempt by cartels to maintain prices for their products led to an even sharper fall for other products and prolonged the crisis. The weaker cartels (e.g., in non-ferrous metals, tin and rubber) were finally forced by the accumulation of stocks to lower their prices most drastically of all.

Nevertheless, it remains true that monopoly does tend to reduce the living standards of the workers as well as the smaller capitalists. The more monopoly develops, and prices are fixed by agreement between the capitalists as to what level of price and output will yield the maximum production, the more the organised workers must realise the necessity to combat it, not only by direct pressure to increase wages, but also by using their collective power to secure State control over prices and profit margins. Politically they are already strongly placed to fight the restriction of production—by extending State enterprise and, in the outstanding cases such as steel and transport, by immediate nationalisation.

Our conclusion, therefore, is that the wage-struggle is in reality (as it has always appeared to the trade union and Labour movement) of tremendous importance in determining the standard of life. It is not true that if a strongly-organised section, such as the engineers or the London busmen, obtain a wage increase, they are merely exploiting the weaker or more backward sections in laundries or catering; nor is it true that a rise for the labourer must mean less for the skilled man. What is true and important is that the well-organised workers, and those in a strong bargaining position, cannot rest content with securing increased money wages. They can obtain the full fruits of their organisation only if they turn their attention also to prices, profit margins and the use of productive resources—matters affecting the working class as a whole. The political activity of the unions carried on largely through inter-union bodies (T.U.C., trades councils, local Labour Parties) has as important a part to play here as their direct bargaining with the employers over wages and activities.

How, then, can the workers achieve increases in real wages, even in the difficult conditions of post-war Britain? What are the lines of advance which the Trades Union Congress and the Labour Government can pursue?

There are two main methods by which a rise in wages can be met without a rise in prices. These are:

(1) An increase in productivity, and

(2) An increase in the share of production going to the workers, and a corresponding reduction in the share going to the capitalists by way of rent, interest and profit.

The first of these methods is today widely accepted, at least in theory. It is the basis of the Government's public appeal to the industrial workers and of the instructions given to Boards in nationalised industry and Working Parties in the non-nationalised sector. Its importance cannot be overestimated; for without an increase in production even the existing standard of living would be dependent on the goodwill of Wall Street.

The increase in productivity, however, need not and should not be a matter of "working harder." Much of the hardest and heaviest work today is in technically backward industries with low productivity (mining, foundries, building), and could be greatly lightened by measures taken to increase productivity. The main tasks are two—re-equipment and better planning.

Major changes in technique can be made which will revolutionise the whole relationship between wages and prices in a given industry. For example, the equipment of the cotton industry with high-draft spinning machinery and automatic looms would (on a very conservative calculation*) enable the industry to reduce hours from 48 to 40 without any reduction in wages (i.e., to increase hourly earnings by 20 per cent) and yet to show large cost reductions.

There is considerable evidence that such large changes are in practice often made *under the pressure* of wage increases, which serve as a necessary stimulus to the capitalist. The automatic loom is by no means a new invention; it has been known for 40 years and is the basis of the whole equipment of the industry in U.S.A. In Britain, only labour shortage and the increase in wage-rates are now compelling the employers to adopt it.

The immediate task is to secure that the war-expanded engineering industry in particular is directed to the priority jobs of re-equipment. At present the skilled and trained engineering manpower—the main asset for raising output throughout industry—is largely working on low-priority and semi-luxury goods such as cars and radios, while collieries have to wait 12 months for delivery of electrical machinery. After long pressure by the engineering unions on the Government Departments concerned, an Engineering Advisory Board has been set up, which may develop into a planning and controlling body for the industry.

A more far-reaching plan for investment and production than exists at present may well be needed. Since the war almost every progressive regime in Europe has adopted such a plan for a period of years and is working to fulfil it. The nationalisation of perhaps 20 per cent of industry will not be sufficient to secure the re-equipment and advances in production needed unless the private sector also is required to meet known and published output targets. The full participation of the workers through their unions at all levels is the essential thing to avoid bureaucracy in making the plans or sabotage in their execution.

There are, moreover, many minor improvements in industrial layout, which do not involve expensive new plant and equipment, but merely the more economical use of existing resources, yet greatly affect prices and costs. For example, B. H. Dyson, in a paper presented to the Institution of Production Engineers (8.12.44), quoted the following example:

> "A check recently exposed the fact that a certain component travelled to four factory floors and a distance of 4,180 ft. Re-routing resulted in it travelling to two floors and a distance of 1,690 ft."

Mr. Dyson went on to say that:

> "The lost time in progressing a job through the factory is invariably caused not during the machining operations but in the time the job is

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* The figures quoted are from the *Majority Report of the Cotton Working Party*, which, as Mr. N. Kaldor has shown, seriously underestimates the potential increases in output.

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> lying waiting trucking from one operation to another, awaiting set-up, awaiting checking, awaiting inspection."

A recent inquiry by the Government into the hold-up in production of white clay gave a number of striking examples of minor changes which would have a great effect on productivity. A typical suggestion was that the wheelbarrows used to transport clay to the surface should have rubber tyres instead of iron rims—this in the year 1945.

Scores of suggestions of this type can be made by a good joint production committee. Higher wages and shorter hours give a stimulus to better planning and intelligent use of labour. If labour is cheap enough to waste, employers will waste it.

Given a number of such changes in a variety of industries, the volume of goods now consumed by the working class can be produced in a much shorter time; or a larger quantity of goods, necessary to a higher standard of life, can be produced; and accordingly there can be an all-round increase in real wages, *initiated* by the rise in money wages.

There is, moreover, great scope for increasing wages without increasing prices by reducing both the costs and profits taken in distribution of the goods. There has been a tremendous growth in the numbers employed in distribution (no less than 53 per cent between 1924 and 1937), and in mid-1939 the distributive trades employed no less than 2,827,000 people, or over 16 per cent of the working population. At the height of the war this had only fallen to 11 per cent and it is steadily creeping up again. This imposes a tremendous charge on production.

A recent study of distributive costs in the cotton industry showed that in a girl's dress selling at 12s. 5½d., the combined cost of spinning, weaving and finishing the cloth is only 1s. 9½d. (14½ per cent of the final price), whereas the charges for wholesale and retail distribution amount to 5s. 3¼d. (or 42.2 per cent of the final price).* Again, for a simple standardised item such as a tablet of milk chocolate, roughly 34 per cent of the final price is for raw materials, 21 per cent for production cost and 4 per cent transport; the remainder (41 per cent) is wholesaling, retailing, selling and advertising charges.† For furniture, 50 per cent on cost is said to be the minimum retail margin and well over 150 per cent is found in the hire-purchase trade; for boots, shoes, 22½ per cent to 40 per cent retail margin (in addition to wholesale margins in some cases). For house coal, the cost to the consumer in London, say, is at least 80 per cent above the pit-head price.

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* Cotton Working Party.

† Industrial Record (Cadbury Bros.).

Part of the increase in distributive costs may be due to better shopping amenities which people enjoy and are prepared to pay for; but certainly nothing like the whole of it. A convenient and pleasant-to-use distributive machine should be achievable without anything like this cost in money and labour-power.*

At present distribution is organised in an extremely wasteful way. In many trades an excessive number of middlemen take a cut, while distribution as a whole is unmechanised and very largely unorganised. Measures such as " zoning " and rationalisation of distribution have yielded great economies during the war, e.g., in the milk and fish trades (in milk retailing alone they saved 8,850 workers, and 39,100 gallons of petrol per week).† A certain amount of standardisation of products can give reasonable variety without compelling retailers to carry excessively large and costly stocks. A squeeze on wholesale and retail margins under price-control should have the effect of forcing the distributive employers to seek economies—including reducing advertising to a minimum and introducing " self-service " methods where practicable.

Are Profits Sacrosanct?

The workers, however, while pledged to carry forward the production drive, have inevitably many reservations about all these measures to increase productivity. For in the past such changes have been made by the employers with one object—to increase profit and the rate of exploitation of the worker. Technical progress has spelt not higher wages, but unemployment.

The object of the Labour movement is different. It is to exert such pressure to increase wages and living standards that, even in non-nationalised industries, profits can be made only by steadily increasing technical efficiency. But this can be achieved in practice only if wages are in the first place raised without apology at the expense of profits.

Most economists with any pretensions to influence the Labour movement would agree that wages can be raised without raising prices *if productivity rises too.* Indeed, some of them are apt to assume that if productivity rises there is automatically a tendency for real wages to rise. This is by no means always the case, since, if the unions are not strong enough to prevent it, increased productivity may result in a lower wage bill and higher unemployment. This point will be dealt with further in Chapter VI.

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* It is noteworthy that advertising in Britain in a typical pre-war year (1935) cost the huge sum of £89 million; or 2.2 per cent of the total national income—which means roughly 5½ per cent of the national wage-bill (The National Institute of Economic and Social Research classify £40 million of this, roughly, as " information " and £50 million as " primarily persuasive "—i.e., purely competitive advertising. For patent medicines and tonic wines. advertising represents 45 per cent of manufacturers' outlay). And for highly-advertised commodities—industries such as food, tobacco, household goods and vehicles—the advertising cost " would not as a rule be found to exceed 10 per cent."

† *How Britain was Fed in Wartime,* H.M.S.O., 1946.

There is, however, a very widespread, and much more harmful assumption that real wages can only increase when, and as much as, productivity increases and the labour hours required to produce the worker's subsistence are reduced. If a union or Wages Board acts on this theory, the urgent wage increases needed to start the process of increasing production and productivity are not made. For all wage increases (unless they are immediately balanced by higher prices) have to be met in the first place out of the capitalist's profits, whatever adjustments are made later: so that wage movements can be hamstrung if there is any hesitation about encroaching on profits.

Moreover, if we accept the argument that wages should only rise as much as productivity rises, it is difficult to see from what date the measurement of productivity is to start. Are we to assume that the workers are to get increased wages to compensate them for increased productivity occurring since 1945, since 1938, or any other arbitrary date? Or are we to face the fact that labour has been growing more productive year by year, without equivalent real wage rises, for much longer than that, and that there is nothing "fair" about the present distribution between wages and profits? Mr. Bevin, addressing Parliament on employment policy (21.6.44), said:

> "If we had had throughout the nineteenth century a rise of wages comparable to the productivity of the working people, the standard of living in this country would have been about double."

The essential point is that it is both possible and necessary to increase the share of the product going to the workers at the expense of profit.

The share in industrial production taken by surplus value—rent interest and profit—in Britain today is enormous. It is, on the best figures available, nearly as large as the share taken by wages.

The White Paper on National Income and Expenditure, 1938-1946 (Cmd. 7099, 1946, p.18) shows rent, interest and profit at £2,756 million (excluding £530 million National Debt interest), and wages (excluding salaries and shop assistants' wages) at £3,020 million. Even after all direct taxes (income tax, E.P.T., etc.) rent, interest and profit still formed 33 per cent of private income from work and property in 1946 (Cmd. 7099, p.11). If the effect of indirect taxation were taken into account, the net share of the capitalists would be even larger. Thus it is simply not true that the rich are already "squeezed to the limit" by taxation, which, moreover, has been appreciably lightened in 1946-47 as far as they are concerned.

If national and local government services and income from overseas investments are excluded, it will be seen that wages on the one hand, and rent, interest and profit on the other, each take about 40 per cent of the gross national industrial output.

*Gross Value of Output of Industry**

£ millions	*1938*	*1945*	*1946*
Wages	1,675	2,577	2,794
Salaries	940	1,165	1,315
Rent, interest and gross profits	1,528	2,677	2,756
Total	4,143	6,419	6,865

(T. Barna in London and Cambridge Economic Service, May 12th, 1947. Based on Cmd. 7099, 1947.)

The figures show that while the industrial wage-bill rose 66 per cent in 1938-46, the gross rent, interest and profit in industry rose by 80 per cent. It is thus clear that wages in 1946 could have been increased all round by about 8 per cent without raising prices (or, alternatively, prices could have been reduced), even while leaving the capitalists the same proportionate *share* in the gross product of industry as they had in 1938.

That the capitalist's share of the product may, and does, vary greatly at different times is very clearly illustrated by the figures calculated by the statistician, T. Barna, from the material in the White Paper on National Income and Expenditure (1938-45).

The Distributive Shares of the Output of Industry (%)

	1938	*1939*	*1940*	*1941*	*1942*	*1943*	*1944*	*1945*
Rent, Interest and Profits	32.4	34.4	37.4	38.6	39.3	39.5	39.3	38.8
Salaries	23.0	21.6	19.7	19.0	17.3	17.1	17.4	18.8
Wages	44.6	43.9	42.9	42.4	43.4	43.4	43.3	42.4
Total	100	100	100	100	100	100	100	100

(London and Cambridge Economic Service, April, 1946.)

There have already been certain cases, in 1945-46, where an increase in wages was given without the Government sanctioning an increase in the controlled price: immediately, therefore, the increase came out of profit margins per unit. For example, the Enquiry into the wages and conditions of busmen employed by private companies (1946) recommended that considerable increases could and should be given without an increase in fares—the increased loads and petrol economy of the war years having resulted in increased profit margins above the pre-war standard.

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* Gross national income (at factor cost) excluding incomes from employment in national and local government service which cannot be classified to other industries, and incomes from property not used for business in the United Kingdom, that is, excluding interest on the national debt, the rent of dwellings, etc., depreciation of public non-industrial property, and net income from investments.

Unfortunately this has not (as the figures show) been the general tendency since 1938. The flexibility of profit margins has been illustrated by their widening rather than their narrowing; and once the margin per unit has increased (sometimes on the grounds of lower turnover, as in the food trades) the employers show no initiative about reducing it. The steadily rising trend of total profits is the result.

The Government is at present investigating the financial position in a number of industries—cement, building materials, and building, for example. If it embodied a proper *technical* (as distinct from merely accounting) investigation of costs, this process should result in reductions in the prices of certain materials and of housing, where price increases have been made to cover wage increases in recent months. It could be extended to many other materials and to finished goods.*

The wartime price controls have been worked largely by capitalist trade associations and were hence extremely generous to the capitalists. Prices were so fixed as to yield a profit to the inefficient, and a windfall to the reasonably efficient firms. The post-war controls must aim at getting prices down, narrowing the margin per unit, and thus compelling employers, if they want to maintain profit on capital, to (1) enlarge the output of their product, and (2) improve the efficiency of its production. For this, however, changes in the top control personnel (still in the main managing directors of the larger firms) may well be needed.

If necessary, the prices of particular commodities can be prevented from increasing, even though profit margins in the particular industry are inadequate to meet the increase, by subsidies from the Exchequer, raised by taxation of profits in other industries (or of high incomes). Such subsidies (which in 1946 totalled over £300 million) are, of course, no substitute for increasing productive efficiency. But they do enable the Government to get out of the particular dilemma where national production is held up by low wages in an industry like farming or cotton, the surplus value in which is largely drained away from the direct producers by monopoly interests elsewhere (landlords in farming, dyestuffs and machinery makers and merchants in cotton). This method means that trade union bargaining affects the distribution between wages and profits not only in the particular industry, but also through the level of taxation on profits generally.*

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* The report of the Committee on Cement Costs (1947), now published, proves to be of little value because it is purely financial rather than technical; it acquits the cement companies of realising excessive profits on capital employed, but offers no proof whatever that their monopoly is not being used to bolster up inefficiency (if anything the Report confirms this charge). The same is broadly true of the interim report of the Committee on Cotton Textile Machinery. It is no excuse for high prices charged by a monopoly to say that some of its units are technically backward and therefore its costs are high.

Wages and Employment

The question remains, however: can wages *go on* rising for any length of time? Wages may rise, it is argued, beyond the point where the employers foresee a satisfactory rate of profit; they will economise by laying off workers; unemployment will result, followed by a downward pressure on wages. If they try to escape from the dilemma by increasing their investment in plant and machinery and thus increasing the productivity of the workers, once this process becomes general they cannot find a market for the increased production that would be possible with the new machinery; hence they will cut down production and employment, and once again mass unemployment and pressure for wage reductions will result.

This is, of course, the historical process which has, throughout the capitalist era, limited the power of the trade unions to raise wages, and periodically forced down the standard of life of the working class towards a minimum subsistence level.

This process cannot be averted by trade union action on wages and hours alone. It involves the whole planning and control of capital investment by the Government and, in particular, the readiness of the Government to extend its own production sector and the number of jobs it offers, at the expense of the capitalists.

It is not, however, the increase of wages which causes the difficulty; for the inadequate *market* is itself a reflection of inadequate consuming power and especially of inadequate wages. And the pressure of the trade unions to *maintain* their achieved standards is one aspect of maintaining that market.

To understand the limits of the wage struggle is not in any way to agree to the absurd doctrine—still preached by very respected academic economists as well as by the majority of organised employers—that any general real wage increase must bring in its train either an increase in unemployment or a decline in real wages somewhere else. Such reasoning, which claims to " prove " that a general increase in real-wage standards cannot benefit the working class, is illustrated in a standard modern economics textbook recommended for first-year students (*Economics,* by H. F. Benham). The author shows the dire consequences that would follow if the Government were to fix a basic minimum *real* wage for men and women, say, some 20 per cent above existing unskilled levels, and to raise wage-rates in all occupations by 20 per cent, with a provision that if prices increased wages should be increased in the same proportion :

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* **This, of course assumes increased taxation on the classes which live by profit, and not on the working class.**

> "This would close three loopholes left open when minimum wages are fixed only for a few occupations. Relatively inefficient workers, not worth the basic wage, would not be permitted to take a worse-paid job elsewhere. There would be little redistribution of labour; workers dismissed would remain unemployed. Further, a rise in prices due to a reduction in output would have much less effect in checking the diminution of profits, for higher prices would mean higher money wages. Finally, the prices of labour-saving machinery and other devices would rise nearly as much as money wages, so that there would be much less scope for checking the fall in profits by altering methods of production. The results might well be a serious check to the accumulation, and investment, of capital; after a time, the total amount of capital in the country, represented by plant, stock-in-trade, and so on, might diminish. A fall in the amount of capital co-operating with labour must mean a fall in the marginal product of labour; if real wages are maintained, it will lead to further unemployment" (p. 290).

It is not surprising that academic economists nourished on this sort of stuff prove worse than useless on a Working Party or a Royal Commission. The argument ignores entirely the narrowness of the *market,* the inadequate purchasing power of the people in relation to productive capacity, as a factor causing unemployment. It ignores also the effect which higher wages would have in increasing the market and reducing costs. The existing profit margin is treated as sacrosanct, and it is assumed that making a profit is synonymous with spending it all on productive investment—whereas the fact that capitalists *do not* and *cannot* find profitable investment outlets for all the surplus they extract from the workers is illustrated by the history of every recent crisis.

> "It is fantastic to hold that economic theory can demonstrate (as has often been implied in the past, even if it has not been explicitly stated) that any attempt to raise wages in a sweated trade, and to eliminate the exploitation of wretchedly overworked and ill-paid workers, must necessarily reduce the fund of capital devoted to employing labour in the future, rather than reduce by that amount the pleasures of the rich." (Maurice Dobb, *Wages,* Cambridge University Press, 1946. p. 141.)

It is no use economists in 1947 offering the workers the choice: would you rather have high wages and more unemployment, or lower wages and less unemployment? These are not the alternatives. The objective is higher wages on the basis of full employment; and wartime experience has brought home the possibility of this to millions, even if they are not as yet fully aware of the extent of interference with capitalism necessary to achieve it.

Can this process of raising wages continue indefinitely under capitalism? This is a somewhat abstract problem at the moment, as we have seen. But, to give an abstract answer, the reply must be:

"No." The advance of the working class must lead it in the direction of socialism.

In the economic field, the issue arises sharply when the capitalists cannot grant the demands of the workers. In theory this point is reached when the pressure of the workers squeezes surplus value to zero. In practice, the capitalists are likely to dig their heels in well before this point is reached.

Nevertheless (as the newer economists point out) the "squeezing of profits" may be a fairly lengthy and involved process. The workers exert their industrial and political power to raise wages and hold down prices, while the State is intervening in industry and itself engaging in large-scale productive enterprise. The capitalists fight among themselves for the reduced amount of surplus value; they concentrate their enterprises, one capitalist absorbing many; certain capitalists are driven out of production altogether. Interest rates may fall: the capitalists may be driven to live on capital, to sell their estates; the standards of ostentation set by Society may be lowered. Certainly there is no *economic* reason which makes this prospect of squeezing "till the pips squeak" impossible.

The issue will, however, have to be settled on the political field. It is certain that there is some point at which the capitalists, being what they are, will rebel against the encroachment of wages upon profits. The working class must be prepared to deal with that rebellion when it comes by taking control of production away from the capitalists. But that does not alter the fact that profits *now* give a great deal of room for wage increases, and that these increases are an essential part of the drive to increase production.

III—Wages and Exports

Not so many people now argue that low wages generally help employment (by encouraging the capitalists to invest). The view that *inadequate* purchasing power is the fundamental cause of depression, the view which the advanced Labour movement alone put forward in the slump of 1931, has since been preached by many economists of the Keynesian school, and officially accepted in the Coalition Government's White Paper on Employment Policy (1944). But even among those who take this general view, there remains a suspicion that low wages *do* help a country to export; and that since Britain must export in order to import raw materials and keep her industries going, there is something to be said for keeping wages down to keep employment up. Thus the whole "high-wage" argument is undermined.

The export argument is being widely used by employers in opposing wage claims which they can admittedly afford at present to meet out of profits. The engineering employers, for example, time after time, rest their main case upon it.

It is likely that much more will be heard of this reasoning once the export markets cease to be swollen with wartime arrears of purchasing power and competition from other countries also becomes keener. We will therefore try to indicate another approach to the question.

We need not here argue at length exactly how much Britain needs to export in order to import raw materials and food in return; for our immediate purpose it is sufficient to agree that the increase in exports must be considerable. The estimates which have gained most currency suggest that an increase of 75 per cent above pre-war volume is needed. It is certain that scientific planned use of home resources—e.g., modernisation of agriculture, development of coal by-products and hydro-electricity—would enable our dependence on imports to be reduced, and with it the need for exports. But there can be no doubt that for a number of years the need to export will be pressing.

It must be remembered, too, that many of our possible cuts in imports are likely to reduce buying power in our export markets in turn by reducing their overseas sales, so that this solution is not quite as simple as it looks at first sight.

The Nature of the Problem

Just as *production* in Britain has not been carried on in the past primarily to meet needs, so British trade has not been developed to provide necessary imports at a minimum cost in exports, but to make profits. The individual exporter was concerned with making the maximum profit by selling where he could: he was not concerned to do so in such a way as to develop the standard of life of the country concerned and thus increase its long-term ability to buy British goods. A small export of luxury goods at monopoly prices might give him the highest total profit, though on a small value of turnover. But from the national point of view it is the long-term value of export turnover that matters, and the maintenance of a high total level of exports in the long run depends on supplying a large quantity of good-quality and up-to-date products at reasonable prices. Again, the exporter tries to sell in the most profitable market, which may not be that with which Britain most needs, on a long-term view, to develop her trade.

The immediate post-war period was naturally a time of very easy exports for those industrial countries—notably the U.S.A. and Britain—whose factories, power and transport were comparatively undamaged. There was immense stored-up purchasing power in overseas markets, due to the long period when industrial production in the exporting countries, as well as shipping, was concentrated on the war effort. Consequently for a time almost anything would sell at almost any price. Capitalist interests were anxious to make some easy money quickly. Price controls were less strict on export goods; some employers (such as those members of the Cotton Working Party who dissented from its report) advocated lifting all price control from exported goods, on the grounds that this would enable Britain rapidly to accumulate as much foreign exchange as possible, and the firms to make the largest profits. By mid-1946 it had become obvious that this attitude was doing serious harm to long-term export prospects. The Wholesale Drapers' and Hosiers' Export Group, for example, sent a strongly-worded letter to its members reporting complaints, especially from Scandinavia, of the inflated prices and lowered quality of many export goods.

Clearly the comparatively high export figures of 1946 (though still well below the target) cannot be maintained on the basis of profiteering by British firms, once the unprecedented sellers' market comes to an end. Good quality and low prices will then be the only possible foundation for maintaining trade.

This being so, will reductions in wages in fact bring down prices and enable Britain to export more in the long run?

That experiment was tried after the First World War—in 1921 and again in 1931. Wages were cut in industry generally and in the exporting industries (such as coal, cotton and engineering) in particular. But these reductions did not reverse the loss of markets, or make up for the fact that technically British basic industry was being out-distanced by other countries (notably U.S.A., but in certain branches also by Germany, Japan, Czechoslovakia, Sweden). The cutting of wages in the British mines merely initiated a long period of competitive wage and price-cutting by all the major coal exporting countries. The cuts in cotton textiles brought misery and less-than-dole standards to Lancashire, but the loss of markets continued. The wage reductions after 1931 in engineering and other industries could produce only the most temporary effect; in the long run they were bound to lead to retaliation and the general trend was resumed. World trade as a whole shrank because of the impoverishment of the people in the world crisis; and British trade shrank even more. The workers who experienced this " solution " between the wars are certainly not prepared to have it tried again.

How futile it would be to attempt to solve our problems by wage-cutting can be seen if we consider the comparative wages and productivity of industry in Britain as compared with the U.S.A. The statistician, T. Barna, basing his work on the available pre-war statistics, concluded that on the average U.S. industry showed a production per man-hour of 2¾ to 3 times that in Britain.* The level of British wages is, in general, about half that in the U.S.A. So a 10 per cent cut in wages here would leave British labour costs per unit still far above the U.S. level—even if it did not provoke a retaliation by employers in the U.S.A., as it almost certainly would.

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* *Oxford Bulletin of Statistics*, July, 1946.

Moreover, if wages are reduced the home market is reduced correspondingly. This means that mass-production opportunities are narrowed, both for the medium and good-quality consumer goods at reasonable prices which ought in future to form an important part of our export trade, and for the machinery to produce them, which is also a big export item. Costs of production for such exports accordingly rise, due to the greater burden of overhead charges on a reduced output. This may not be so important for the simplest types of consumer goods, but it is not in these that the main expansion of exports can be expected.

The final result of a general wage-cut may be, in a mechanised industry, to add so much to overhead costs as to outweigh the reduction in direct labour costs. Alternatively, it may prevent the development of new mass-production methods and low prices. The large potential home market for such goods as cars, refrigerators, washing machines, can be made a reality only with mass-production and standardisation: but mass-production will not be undertaken unless wages are high enough to provide that market.* And without a large home market the overhead costs of exporting goods of this type would be prohibitive. An acute business observer of British and American industrial practice puts the issue clearly.

> " British motor-car production was founded on the idea of a car for the well-to-do. Women buying frocks in Bond Street wish to buy a frock that is exclusive, different, if possible, from everyone else. British motor-cars accomplish the same result in a similar way. As a logical result, British motor-cars are still in the Bond Street category, largely out of reach of working-men and the less well-to-do of the population.
>
> " A working-man in the British motor trade earned on an average less than two-thirds of the rate of an American workman in an American motor-car factory. If each put the whole of his earnings towards buying a motor-car of equal size and weight, the British workman would have to work three or more times as many hours to buy his car as would his American 'like number.' One of the very great pleasures of life for the American working-man still remains generally out of the reach of his British 'like number.' " (Lewis C. Ord, *Secrets of Industry*.)

One need not share Mr. Ord's veneration for the American economic system as a whole to agree with much that he says about the association between low wages and failure to develop mass-production in Britain:

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* Sir Ernest Simon has estimated that with mass-production the price of a small refrigerator could be reduced from the pre-war £20-£25 to about £6.

> " These examples show that Britain was fighting hard to hold her old markets in the period just before and in the years after the first Great War. Every effort was made to keep wages from rising by keeping down the cost of living and by improving by various means the amenities of life to the industrial workers. Against such a background it is clear that this great mass of people could not be regarded as a very promising market for manufactured consumer goods. They were so close to the bare living line that social legislation and subsidised housing were needed to assist the margin. They were workers, not potential consumers.
>
> " If Britain . . . had turned to developing her home market and to stimulating the purchasing power of her people, things could have been very different in Britain during the years between the two wars. There was no confidence in the home market. The people were viewed as workers rather than buyers. It was much the story of the dog on the bridge with a piece of meat in his mouth, told in Æsop's Fables. The distant piece—Export—looked so much bigger that the larger and more important home market was neglected.
>
> " So while Britain, conserving carefully, was trying for export and holding on to the old lines, the United States, confident in the growing wealth and affluence of her people, went energetically after something new, and particularly after anything likely to be used by the great masses of the people. They did this so successfully that the citizens of the United States benefited by the low prices at which goods were sold to them. They benefited by the increased employment resulting from the manufacture of these goods in large quantities. They further benefited by the huge export of these goods and by the increased employment afforded by sharply rising exports of mass-produced goods."

Even the " anti-planners " are forced to admit the importance of a prosperous home market in relation to exports.* For example:

> "It is quite necessary to have a substantial domestic sale for whatever model car is offered for sale on overseas markets. There are technical reasons for this. Development testing is very difficult if all useful experience comes from far-distant markets. We tried, years ago, to build a special model pretty well exclusively for export, but the practical difficulties in the way militated against its economic survival." (Sir Miles Thomas, of the Nuffield organisation. *Financial News*, 11.9.44.)

Motor-cars are not, indeed, likely to be the foundation of our export trade. But the point applies also to the main types of machinery and to all but the cheapest and simplest consumer-goods. The textile machinery makers, for example, argue with reason that they have had difficulty in exporting modern types of automatic machinery because of the lack of a wide home market for these products between the wars, which has prevented them from developing their production. The private locomotive manufacturers (who normally build only a small proportion of the requirements of British railways, which are catered for mainly by the railway companies) complain that the lack of a large and steady home market greatly adds to their export costs. In the field of consumer-goods, we may cite Mr. E. W. Goodale (President, Silk and Rayon Users' Association), who said, speaking at the Export Conference of the Federation of British Industries (28.10.46):

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* **Export industries specially affected by a limited home market between the wars were textile machinery (because of stagnation in Lancashire), and locomotive building (because British railways built their own engines).**

> " As a rule a substantial demand in the home market for a particular product must precede the establishment of a plant to cater for an export demand for that product, unless the export demand is peculiar to a particular export market. Production for that peculiar demand is even then only warranted if the demand is substantial and likely to be of a continuing nature.
>
> " A substantial demand in the home market enables a producer to vary his product to suit particular export markets, provided no great interference with economic production results."

Mr. Goodale argued that in the textile trade the costs of good-quality furnishing fabrics, linens, tweeds, suitings, cotton shirtings and other British specialities would be prohibitive, and the quality impossible to maintain without a large home demand. " No export of those goods could exist without the large home trade demand upon which exports are built."

It has been often argued that the secret of high productivity in the U.S.A. is the immense size of the home market, making it possible to combine large factories producing a standardised product with the necessary amount of individual consumer's choice. Yet the very same experts who explain the backwardness of the British motor or textile machinery industry, say, on the grounds that we lack a market large enough to make full mass-production possible, are also to be found advocating low wages which restrict the home market.

If comparison is made, not with the U.S.A., but with a low-wage country like pre-war Japan, the hopelessness of nibbling at wages as a remedy is equally clear. In 1932 Japanese *weekly* cotton-spinning wages were under ⅓ those in Britain. Productivity per worker employed was about 25 per cent higher in Britain, but the wage difference was so enormous that British wage costs per bale of yarn were still 2.38 times those of Japan.* A wage cut in Lancashire of a magnitude which would close that gap was clearly quite impossible on anybody's reckoning. It was equally impossible for Britain to compete successfully with labour at that wage, without great improvements in technique.

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* Survey taken by Fuji Gas Spinning Co. in 1932. Published by Mitsubishi Economic Research Bureau. Reproduced from U.T.F.W.A. Report on the Post-War Reconstruction in the Cotton Textile Industry, 1943.

Low Prices With Good Wages

The development of exports, therefore, raises the same problem that we have already considered on the home front. Low prices must be achieved by increasing productivity and efficiency and cutting into profit margins and distributive charges.

It is not necessary to repeat here what has already been said about this. It should be noted, however, that middlemen's and merchanting charges take a specially heavy toll in the export trade, owing to overlapping merchants and agencies. This is an important argument for developing large-scale marketing on a co-operative or Government basis, which makes it possible for the distribution costs to be reduced, and also for the orders to be " bulked " and allocated to manufacturers. This will mean that the individual factory gets a large order for a few lines, instead of a great variety of small orders; and this is essential if modern methods are to be introduced and costs brought down in such exporting industries as pottery and cotton textiles.

Even if we can so increase efficiency and productivity that British goods represent as good value for money as can be found anywhere, the problem will be how to sell an increased quantity of them, especially since a number of other countries are becoming large exporters for the first time.

It is hopeless for Britain to think in terms of restoring the industrial monopoly she had in the nineteenth century (though this is still the vain dream of many employers in the older industries, which have changed little since the nineteenth century, except to get rather dirtier and more ramshackle with age). It is hopeless to think of enforcing monopoly politically upon an Empire in which some of the Dominions, at any rate, are now developing rapidly as independent industrial countries.

The failure of imperial preference to solve the problem is sufficiently indicated by the pre-war experience. While British imports from the Empire rose by 15.7 per cent in value from 1928 to 1938 (largely as a result of the Ottawa Agreements giving tariff preferences to inter-Empire trade) her exports to the Empire fell by 28.4 per cent. While she was importing a very much increased proportion from the Empire, the proportion of exports to the Empire increased only very slightly.

Proportions of Total British Trade

	Per cent *1928*	*Per cent* *1938*
British Imports from Empire	27.2	39.4
British Exports to Empire	45.3	49.9

The figures suggest that imperial preference by itself is unlikely to solve Britain's new trade problems. The way out must be sought in increasing the *whole* world market, the Empire market included, by means of the planned industrial and agricultural development of the more backward countries. At present these countries can afford to import very little in the way of manufactured goods, in spite of the enormous numbers of people living in them.

Before the war (1938) the 12 most advanced industrial countries did 34.7 per cent of the world's importing and 30.3 per cent of its exporting. But what is extremely significant is that these "industrial 12" did 24.3 per cent of the world's import trade (5,980 million dollars) *among themselves*—i.e., exchanging mainly industrial products with one another.*

The population of these 12 countries at that time was 450 million, one-fifth of the world total. Their *total* imports were 59 per cent of the total world imports. India and China, with over 812 million people—two-fifths of the total—had 4 per cent of the trade. The poor countries hardly enter into the trade in high-grade products which Britain is equipped to supply. Only the very cheapest and simplest cotton cloths, implements and so on can be imported by countries with a very low income per head. There is no mass market for radios, sewing machines, British-made clothing in a country like India with a national income estimated at £4 17s. 6d. per head in 1931.

It is conservatively estimated by Professor Staley† that a policy of steady industrialisation of Asia, South-eastern Europe and Latin America after the war would require a total investment of $5,000 million a year, of which $3,000 million would be capital supplied by the advanced countries. A market of this size would mean very considerable trade for Britain. If we assume that the British share of world engineering exports remained at one-sixth, as it was in 1930, the additional demand for British capital goods would be about £125 million a year—more than the average yearly export of machinery, electrical apparatus, iron and steel, etc., in 1934 to 1938.

A recent study‡ of the industrialisation of backward areas estimates (for example's sake) the likely effects of a large-scale programme of industrial development in six countries of Eastern Europe (Poland, Yugoslavia, Greece, Hungary, Rumania, Bulgaria), taking pre-war conditions as a basis and working out the increase in the supply of capital and consumer goods required from outside. It is suggested that a five-year plan might raise the national income of these countries from £1,400 million to £2,135 million and their permanent demand for imports from outside the area from £152 million to £210 million a year.

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* See A. J. Brown, *Industrialisation and Trade*, Royal Institute of International Affairs, 1943. See also E. Staley, *World Economic Development*, Chap. VIII. I.L.O., 1944.

† *World Economic Development*, I.L.O., 1944.

‡ *The Industrialisation of Backward Areas*, by K. Mandelbaum (Oxford Institute of Statistics, Monograph, No. 2).

Thus the industrialisation of these six countries alone would offer an additional market of £58 million a year for the products of the advanced industrial countries. They would also be developing their own exports, largely consisting at first of the types of goods (timber, tobacco, non-ferrous ores and metals, some foodstuffs) which Britain requires to import.

To take advantage of the potential growth in the world market due to industrialisation, however, the old industrial countries must be prepared for a change both in the *type* of goods they export and in the keenness with which their prices and qualities will be judged. The League of Nations' study *Industrialisation and Foreign Trade* (1946) sums up Britain's failure to meet the new conditions between the wars.

> " As wealth increases in countries with a growing industry, more and more articles are manufactured in them; but while imports of these articles may thus decline, other articles previously not in demand are imported from abroad. The composition of imports thus gradually changes; and the exporting industrial countries share in the increasing market to the extent that their industry is able to adjust itself to the continuous change in demand.
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> " . . . The United Kingdom . . . exporting industry was long directed principally towards meeting the demand of non-industrial countries. The textile products, in particular cotton piece-goods, held a predominant position in her exports, and at the beginning of the century 40 per cent of the persons engaged in her manufacturing industry were employed in textile factories. During and after the First World War, textile industries grew up in the most important British export markets, and, simultaneously, Japan became a major competitor in these markets. The competitive position which thus arose called for a more rapid change in the composition of British exports than could be carried out."

The most promising exports for Britain are those which embody a high degree of skill and technical experience, which newly-industrialising countries are not yet able to make for themselves—all types of machinery, large electrical and transport equipment, ships and locomotives, coal-tar chemicals and so on—as well as the traditional coal, cotton and steel, and the more complex types of consumer-goods. This will involve expanding the productive capacity of key sections of the British engineering and electrical industries, in order that export demands can be met without hampering the re-equipment of British industry itself.

That large-scale planned industrialisation of South-eastern Europe will take place is no longer in doubt. Some development of industry in the Middle East and in India is also probable. How much all this increases the market for British goods, however, will depend on whether large-scale overseas credits are forthcoming, which enable the standard of living to be increased rapidly while industrialisation is going on; whether British exports, such as machinery and equipment, are up-to-date and efficient; and, above all, on whether close friendly relations are established between Britain and these countries, on the basis of collaboration in an industrial advance that will benefit both sides.

If the plans for British exports are geared in with the national economic development plans of Europe and the Empire countries, it will be possible to lessen the dangerous dependence of all these countries (ourselves included) upon imports from America which they are unable to balance by exports to America. British industry can be planned to give priority to sawmill, transport and mining equipment for the U.S.S.R., Yugoslavia and Poland, to fertilisers, agricultural equipment and food-processing machinery for the colonial and European countries, to power-plant and machine-tools; and these countries in turn can include in their forward plans the development of additional supplies of timber, cotton, tobacco, non-ferrous metals for Great Britain. This is the basis for the planned economies to build up their independent existence, so that they are in a position to negotiate on trading matters with the U.S.A. on a more equal basis, and not under heavy pressure to secure dollar loans at the price of their own economic and political sovereignty.

The conditions under which the industrialisation of new areas is carried out will have a decisive influence on prosperity in Britain.

In the British Empire, in the past, industrialisation has been accompanied by terrible exploitation of the workers. Wages in the Indian cotton mills are of the order of 10s. a week. The repression of the trade union and Labour movement in Colonial countries has prevented the workers from advancing their standards as industry developed (e.g., Indian consumption of cotton piece-goods fell 14 per cent between 1913 and 1925). Hence it is in the interests of the British workers, and all those in advanced industrial countries, to give every support through the W.F.T.U. to the struggles of their comrades in Colonial and semi-Colonial countries to improve their wages and living standards, and, above all at this stage, to organise freely and engage freely in industrial and political struggle. This is the way to fight against wage cuts in Britain and to ensure that a greater world market is opened up, on the basis of higher productivity and higher living standards.

The solidarity is especially necessary now that British capital, failing to prevent wholly the development of manufacturing industry in India, is seeking a share in the new development. Joint Indo-British companies are being formed—Tata's join with Nuffield's to assemble Morris cars in India, I.C.I. with Birla's to establish chemical works. The direct interest of the British trade unions in supporting the work and organising rights of the All-India T.U.C. is thus made plainer than ever.

IV—Low Wages and Minimum Wage

In spite of over 100 years of collective bargaining and over 30 years of Trade Board legislation, we cannot yet say that every employed worker in Britain (let alone every unemployed worker) is guaranteed " freedom from want."

When Mr. Seebohm Rowntree, in 1936, carried through an investigation into poverty in the city of York, he found that the largest number of families living in what he defined as " primary poverty " (which implies extreme poverty) were poor because of inadequate wages. Unemployment, sickness, old age and widowhood were all important causes of family poverty: but the greatest single cause was still "inadequate wages."

It is difficult to define what are " inadequate " or " substandard " wages. To do so one has to take some given standard of living as a yardstick, and measure existing wage rates and earnings against it. The results will, of course, be conditioned entirely by the lowness of the standard used as a measure. Economists are often asked to lay down a " minimum " standard of living whose cost can be worked out for the purpose of wage negotiations. But all such " minima " are, in fact, more or less arbitrary, and we should clearly understand their limitations when we make use of them.

The " minimum " standard most commonly used at present in wage negotiations is the " Human Needs " standard, worked out by Mr. Seebohm Rowntree for the purpose of the survey mentioned above. It is, on his own evidence, an extremely low standard, one which he considers should not properly be applicable to employed workers.

> " Briefly, however, the sum allowed for food is based on the report of a committee appointed in 1933 by the British Medical Association ' to determine the minimum weekly expenditure on foodstuffs which must be incurred by families of varying size if health and working capacity are to be maintained, and to construct specimen diets.' I would draw attention to the fact that the committee's terms of reference directed them to report upon a *minimum,* not an optimum diet. The latter would of course have cost much more. Thus, I am adopting the lowest standard which responsible experts can justify. This holds good of the other items entering into my cost of living, each of which was fixed only after making thorough inquiry into the *minimum* expenditure necessary.

> "In this connection I may suitably quote what I wrote in my other book: 'Let me repeat that the standards adopted throughout this book err on the side of stringency rather than of extravagance. I am convinced that the closest investigation would fail appreciably to lower any of my estimated costs. Indeed, as I have pursued my investigation, I have been increasingly impressed by the fact that to keep a family of five in health on 53s. a week, even when the income is guaranteed for 52 weeks in the year, needs constant watchfulness and a high degree of skill on the part of the housewife. Moreover, practically the whole income is absorbed in providing the absolute necessaries of physical health. After these and certain almost indispensable items are provided for, there remains scarcely anything—certainly not more than 3s. 4d. a week for " all else." Out of this must come all recreation, all luxuries, such as beer and tobacco, all travelling except of the bread-winner to and from work, all savings for holidays—indeed almost every item of expenditure not absolutely required to maintain the family in physical health, and there is no allowance for contingencies.' " (Rowntree, *Poverty and Progress,* 1940.)

Sir John Orr, M.P., now director of the U.N. Food and Agricultural Organisation, has made an authoritative criticism of the " Rowntree " standard, which shows how very low it is as a measure.

> "To make it as cheap as possible, he cut out butter and whole milk and substituted margarine and canned separated milk, and he assumed that it would be cheaper if the bread were baked at home. He did not enquire how many houses in the slums would have facilities for baking bread. Take the menu for Monday, the first working day of the week:
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> "Breakfast: Porridge and skimmed milk, bacon, bread and margarine (or fried bread), tea;
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> "Dinner: Beef roll, mashed potatoes and salad, steamed date pudding;
>
> "Tea: Tea, bread and margarine, watercress;
>
> "Supper: Lentil soup (remains and bread).
>
> "That is not the diet on which we can rear a healthy race. It falls far below what we now know to be necessary for health. Imagine a dock labourer, or a miner, after a hard day's physical work, coming home to meal of tea, bread, margarine and watercress and, for his supper, bread and lentil soup, if there was any left over from Sunday's supper! Yet Mr. Rowntree was forced to the conclusion that there are millions of our fellow-countrymen who are so poor that they cannot afford even as good a diet as that. These millions include a high proportion—nearly one-half—of the country's children.* . . ." (*Food and the People*. Pilot, 1943, p. 21.)

The present cost of this " human needs " standard as a whole has not been ascertained, nor is it easy to do so. It was estimated at 53s., including 9s. 6d. rent in 1936, and about 56s. in 1939, for a family of man, wife and three children.

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* These results referred to the year 1937.

For the food budget alone, detailed records have been kept during the war by Miss T. Schultz, of the Oxford Institute of Statistics, as to the minimum cost of purchasing in Oxford a dietary which would yield roughly the same quantity of nutrients as the " Rowntree " diet, but substituting other cheap foods for rationed articles in short supply, Valuable as these surveys are, it must be admitted that they are somewhat artificial. To buy the minimum quantity of calories and vitamins at the price stated the housewife would have to possess a good knowledge of scientific nutrition, and have time to go from shop to shop to save halfpennies (armed with Mottram's Food Conversion Tables and a ready reckoner). She would have to avoid wasting even the smallest scraps (the absence of an allowance for wastage is a major weakness) and her family would have to submit uncomplainingly to a very monotonous diet. These criticisms do not detract from the usefulness of the Institute's work in this field, but they do suggest that the 40s. or thereabouts which Miss Schultz arrives at as the " minimum cost " of human needs or low-cost diet for a family of five (man, wife and three children) in November, 1946, should be treated, not as the sum for which even such a monotonous diet *can* be bought, but as a sum for which in practice it pretty certainly *cannot* be and *is not* bought.

Investigations into the expenditure of 400-odd typical working-class families, carried out during the war by the Oxford Institute of Statistics, showed that food expenditure averaged under 40 per cent of net family income after payment of taxes, trade union subscriptions, and compulsory insurances. In many cases food expenditure was under 35 per cent.*

Miss Schultz herself states that in view of the extreme difficulty of obtaining goods in the shops in November, 1946, one could not be certain that every housewife could obtain this diet, even if she took great pains to do so. Further, she noted that since the introduction of bread rationing this minimum diet for adults was seriously deficient in calories, a deficiency which could be made good if each of the adults took one main meal in a canteen or British restaurant on five days a week. The cost of such meals, we may assume, could hardly be less than 10s. a week, and would probably be more.

If we assume, for broad comparative purposes, that food expenditure works out at 40 per cent of net income, then to spend 40s. on food a family would need a net income of 100s. a week, *after* trade union subscriptions, compulsory insurances, etc. Bearing in mind that main meals taken in canteens must be added, and that families with no young children will have to pay more (because they do not get cheap milk, orange juice, etc.), it can be stated with some weight that a gross wage of at least £5 15s. was necessary, at 1946 prices, to keep a family with three children in health and working capacity. With a number of price increases in recent months (utility clothing, furniture, rail fares) the amount is rising from month to month.

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* Working Class Income and Expenditure. Oxford Institute of Statistics (5.2.44).

Even with family allowances of 5s. for each child after the first, a wage of at least 105s. is needed to afford the minimum standard. Moreover, this assumes a rent of slightly under 10s., which is on the low side, and travelling expenses of only 1s. 4d. a week. For families in the larger cities, both are certainly an underestimate.

To keep a sense of proportion about the Rowntree standard, and realise how low it really is, it may be useful to consider briefly the amount of money income which *in actual practice* has been found to result in an adequate and healthy diet--a very different thing from the minimum *theoretically possible.*

The researches of Sir John Orr during the 1930s give in many ways a more practical standard than do those of Rowntree: and for that very reason the picture they present is even more serious. Orr found, by a careful survey of actual family budgets and diets, that families spending less than 9s. per head per week on food in 1935 were in practice seriously under-supplied with many of the most important vitamins and minerals necessary for health. This group of families, judging from the available statistics of income distribution, included more than a third of the population.* Since that date the increase in the price of food has been of the order of 42 per cent,† so that the figure of 9s. in 1935 would be equivalent to about 13s. in 1946. Since food expenditure, even in the lower income groups, is seldom more than 40 per cent of income, it would seem likely that a family of five with an income of less than £8 2s. 6d., or thereabouts, is likely to be living on a diet deficient in several important constituents. Thus, while the majority of the salaried and professional classes probably get an adequate diet, it is unlikely that any but the very best-paid workers do so. These facts damn the critics who talk of "extravagantly high wages" in the higher-paid industries; and they also underline the wretchedness of the standards to which the workers are reduced elsewhere. If we make use of the lower "Rowntree" standard in this chapter, it is only because even this very low target is still unachieved.

Wages Do Not Afford Bare Minimum

How far do present wage rates provide even the Rowntree standard for the unskilled worker? We base our comparisons on the Ministry of Labour's survey of Time Rates of Wages and Hours of Labour in

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*Orr, *Food and the People.* Pilot, 1943.

† 1935-38, 6 per cent (Ministry of Labour Index); 1938-46, 34 per cent (Treasury Index).

August, 1946, brought up-to-date for November, 1946, from the Ministry of Labour *Gazette*.

A detailed examination shows that there were few trades in which a worker on the minimum rate in the autumn of 1946 was entitled to £4 10s. a week or more: and in only a handful of cases was he entitled to as much as £5. Miners (underground) and dockers reached the £5 minimum level: both are exceptional industries, mining because of the extraordinary hardships and dangers of the work, docking because of its irregularity and the likelihood that less than five and a half full turns will be worked.

In the £4 10s. to £5 minimum group were coalmining (surface), road-passenger transport, clay and brick industries, certain other building materials, heavy chemicals and plastics.

Under £4 10s. were the minimum (or labourers') rates for the majority of industries (apart from extra London rates). Even strongly-organised industries, such as railways, building, engineering, got only between 80s. and 90s. for labourers in most areas. The food trades generally paid around 80s., some sections of the distributive trades appreciably less.

There were still in November, 1946, a number of trades—including some of considerable importance—which paid adult male workers a minimum wage of 80s. per week or less. Among them were a number of trades covered by Wages Councils.

Minimum Wage Rates, Adult Men, 80s. or Under (November 1, 1946)

T.U. Agreements: Agriculture, Asbestos manufacture, Needle, fish-hook and tackle making (Redditch), Penmaking (Birmingham), Bobbin and shuttle making, Lock, latch and key making, Cotton (labourers in spinning, warehousemen, etc.), Tape and Light Web manufacture, Wool Textiles (wool and yarn warehousemen, mill labourers, etc.), Silk spinning and weaving, Elastic Web manufacture, Flax spinning and weaving (Northern Ireland), Glove manufacture, Home-grown Timber (Scotland), Textile finishing (Scotland and N. Ireland), Wallpaper manufacture (semi-skilled and unskilled), Retail Distribution (drapery, newsagency, confectionery, pork butchers, pharmacy sections), Postal Service (postmen, telephonists, at 21), Local Authorities Non-Trading Services (lower-paid areas).

Wages Councils: Aerated Waters, Baking, Chainmaking, Waste Reclamation, Dressmaking, Flax and Hemp, Fur, Fustian Cutting, Hat, Cap and Millinery, Jute, Linen and Cotton Handkerchiefs, Made-up Textiles, Paper Box, Perambulator, Feathers and Artificial Flowers, Retail Bespoke Tailoring (certain areas), Rope, Twine and Net, Rubber, Sack and Bag, Stamped and Pressed Metal, Toymaking, Industrial Staff Canteens.

A sample survey carried out by the Government Social Survey Unit in May-July, 1945, showed that the weekly wage rate of the chief wage-earner was under £3 in 21 per cent of the households; over £3 and under £4 in 25 per cent; over £4 and under £5 10s. in 34 per cent. Only in 16 per cent of the households (allowing for 4 per cent unclassified) was the weekly wage of the chief wage-earner £5 10s. or more. (See *Board of Trade Journal*, 12.4.47.)

This brief survey indicates some unpleasant conclusions:

(1) A minimum wage far too low to provide a healthy life, even if used with the greatest care and frugality, prevails today, not only in " sweated " or unorganised industries, but in many which have, in general, a high degree of organisation.

(2) The workers who are supposed to be protected by the Wages Councils Act against undue exploitation are in general receiving minimum rates far below any health and decency standard.

(3) A minimum wage which will comfortably cover the necessities of life is a rare, freak occurrence; and this at the end of a long period in which there has been an acute shortage of most types of labour, including unskilled labour, and in which there has, accordingly, been a certain amount of " levelling up " of unskilled rates towards the skilled, in the form of " flat-rate " war bonuses to all classes of workers.

These facts have been obscured in discussion by the use of the Ministry of Labour's figures of average weekly earnings as a standard, in place of wage rates for specific classes of workers. The position of the lower grades—many of whom have no opportunity for payment-by-results or piecework earnings to supplement their rates—is covered up in a general average, which includes the highly-skilled and privileged worker.

Even these figures, however, are not reassuring. Average weekly earnings for adult men *of all grades* in October, 1946, worked out below 100s. in the flax spinning and weaving, jute spinning and weaving, small boot and shoe repair shops, and local authorities' non-trading services. Weekly earnings of under 110s. *for all grades* were found in a number of important industries, including woollen and worsted (108s. 6d.), lace (105s. 3d.), textile bleaching, dyeing and finishing (108s. 10d.), boot, shoe and slipper making (108s. 3d.), laundry service (108s. 2d.), sawmilling and machined woodwork (107s. 2d.), building and decorating (108s. 6d.). The average weekly earnings for all adult men were 120s. 9d. at that date (all workers, 101s.).

Low wages in industry are not always the result of low productivity or low profit. In general, industries which are technically progressive and expanding tend to pay, for a given grade of skill, a higher wage than industries which are declining in output or technically stagnant. But there is no exact correlation between wages and output per worker, as a study of the 1935 Census of Production clearly shows.

The only available figures for comparison of wages and net output are those of the Ministry of Labour on earnings and of the Census of Production on output. Unfortunately the " net output per worker " is arrived at without deducting any allowance for depreciation of plant, so that industries with heavy overheads are shown as having a high output and those with low overheads a low output per worker. However, even allowing for this the figures are of interest.

One of the highest-paying industries, for example, was iron and steel smelting (66s.), where the value of output per head was not particularly high and the overheads for plant were undoubtedly very heavy. The same considerations apply to Government factories, where annual output per head (£213) is lower than in, say, electrical engineering (£231), but earnings are 20s. a week higher (66s. against 46s.). Some highly-mechanised industries with a very high output per worker, such as tobacco, drugs and fine chemicals, are found in the lower half of the wages tables: the highest output of all (£663 in spirit distilling and £1,032 in spirit compounding) is found in an industry paying a wage of only 47s. a head. In general, it can be said that the industries with the *lowest wages of all* also show a *low output per head;* but the reverse is not true.

The facts suggest that the main reasons for especially low men's wages in an industry (as distinct from low *average* wages due to employing a high proportion of women and juveniles) are the following: (1) The work is of a character that can be done without long, specialised training. Hence there are a large number of workers—the unemployed of all trades—competing for it. (Example: General labouring work.)

(2) The industry has been contracting in employment for some time, and the workers engaged in it cannot easily get other employment, at any rate without leaving their home town. Here again the pressure of unemployment lowers wages. (Example: Cotton, wool, jute, flax.)

(3) The industry is carried on largely on a small scale, which makes organisation and unity of the workers more difficult. (Example: Catering, distribution, minor metal trades, many trade board industries.)

(4) The work can be carried on by women, a supply of whom is available at low women's rates, so that men are employed in competition with cheap women's labour.

Low Wages and Labour Bottlenecks

Hence in times of " normal " unemployment it is unusual to find that especially hard, exhausting, dirty or dangerous industries and occupations command higher wages; rather the reverse. There are few nastier jobs than rag picking; few heavier and more exhausting than coalmining or gas stoking. But the wages in these industries were, before the war, comparatively low; there were large reserves of unemployed available to take on such work, and the employers were under no compulsion to pay more.

In conditions of full employment, and therefore of labour shortage, the effects of this aspect of wage structure make themselves felt in production bottlenecks, due to lack of labour at key points. This has become especially evident since the war.

The wartime shortage of labour was as severe as the present one, and men were got for the key jobs (1) by direction of workers, and (2) by wages higher than were being paid in non-war industries. Employers were, on the whole, willing to pay wage rates, or allow piecework earnings, higher than the normal peacetime level, because "the Government paid" and there was no keen competition to force down costs of production. Hence it was unusual for really serious and lasting bottlenecks in labour supply to develop, despite the all-round shortage. The most serious was in mining (and it is significant that this was not a specialised war industry, but one producing a uniform product in war and peace, where, consequently, the employers and the Government were much more wary of increasing labour costs than they were in aircraft or shell production). Another bottleneck of the same type was in agriculture.

In general, however, the movement of labour required was from the lower-paid to the higher-paid industries. And the war industries also offered to the "unskilled" worker, who had left school at 14 and had no formal training since, the prospect of acquiring as an adult some degree of skill which would be a permanent asset to him, and—for the first time in his life perhaps—something more than a labourer's wage. This made direction of labour much easier than it would otherwise have been.* The direction, in general, reinforced the attraction: it was not required to reverse the trend.

The "switch-over" to peacetime production has been a very much stickier business. The technical difficulties are, on the whole, smaller; the war factories had largely to be specially built, whereas cotton mills and foundries do already exist, though out of date and in poor repair in many cases. But while direction has been removed, there is little to attract the worker into many branches of vital peacetime work. It is not surprising that while cotton, mines, foundries, and potteries are desperately short of labour, engineering factories find their workers very unwilling to accept "redundancy" as a permanent fact.

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* J. L. Nicholson in the *Oxford Bulletin of Statistics* (May, 1946) has shown that transfers of labour in practice showed a close connection with the relative level of earnings in the expanding industries, and concludes that in peacetime conditions also relative wage increases in "bottleneck" industries would help to increase their labour supply.

Some of the main "bottleneck" industries, which need labour urgently at the time of writing, are listed, for the purpose of comparing their earnings with the main war industries.

	Average Hourly Earnings (pence) October, 1946		
	Men	*Women*	*All Workers*
All Industries	30.4	18.4	26.2
"Undermanned" Industries:			
Cotton	27.3	18.2	21.0
Woollen & Worsted	27.2	17.8	21.6
Hosiery	31.6	17.9	19.8
Textile bleaching, dyeing	26.2	15.9	22.5
Pottery & Earthenware	27.9	15.2	19.8
Laundry Service	27.7	16.0	17.3
Stove, grate, pipe & general ironfounding	33.0	19.5	29.9
"War-expanded" Industries:			
Engineering (motor & aircraft)	36.5	21.6	33.0
Chemicals and explosives	30.2	18.2	26.3

Within the metal trades the heavy and exhausting foundry work is a low-paid section. Wages in textiles still compare very poorly with what women in particular were able to earn in war factories for work which was largely less skilled than spinning and weaving.

Wage increases are not, of course, the only thing needed to attract labour in these industries. Working conditions are often bad and unhealthy. Canteens, cloakrooms, welfare services, light and air, are lacking, as well as a good wage.

These things will have to be remedied as quickly as possible. But, inevitably, it will take time. The one thing that can be done overnight is to raise the wage rate—and raise it sufficiently to produce a real impression on the minds of the workers and the public. An increase of 2s. 6d. or 5s. a week fails to produce any impression that the status of an industry has changed, or is changing. But it does not follow that a bold increase of 20s. or 30s. will be equally ineffective. Such an increase is not only a present gain to the workers; it is also likely to increase their confidence in the future of the industry.

Increases have, in fact, been given since the end of the war in some of the worst placed of these industries, such as cotton, brick making, foundries and pottery. But they have not been large and sweeping increases by any means.

Trade Union Organisation and Minimum Rates

The extension of collective bargaining during the war is a tremendous advance. But we should be under no illusions that the mere establishment of a J.I.C. or negotiating machinery for catering or retail distribution places the workers there on a level with the highly-organised trades, as regards their bargaining position. During the war the employers were under considerable pressure to grant nominal recognition of the unions in order to comply with the E.W.O. But a wage rate of 80s. a week remains a scandalous one, however it is arrived at, by negotiation or statute, and even if the employers are now in a position to dignify it with the title of a trade union rate.

Further, it is clear that in arguing the claims of the craftsman for an increase proportionate to his skill, the need for the entire wage structure to be founded upon a reasonable living standard for the lowest paid can easily be under-emphasised. This is especially so in industries where the agreements for skilled and less skilled are commonly held by different unions (as in engineering, shipbuilding, textiles, steel, etc.). The claim for a decent minimum wage does not necessarily involve " levelling up " of the unskilled towards the skilled rate. It does, however, place a firm floor under the skilled man's demand for proper recognition of his abilities and training. Unless the skilled —and, as a rule, the most strongly organised—are brought into the battle to improve *minimum* rates, there will be no need to discuss the "consequential increases" to higher grades which would have to follow.

The Trades Union Congress has, in recent years, been emphasising to the unions the urgent need for closer unity, and its interim report on Trade Union Amalgamation and Closer Unity (1944) made a number of proposals to this end. Complete amalgamation of unions within an industry—the main objective—has made some progress in recent years. Where negotiations for this are unsuccessful, due largely to varying benefits, contributions, etc., the T.U.C. suggests that federations should be formed and strengthened to deal with trade matters, formulate wages policy and negotiate with the employers. Such federations already exist in a number of industries, though their authority is sometimes rather loosely defined. Closer trade union unity along these lines is inseparable from raising the standards of the lower-paid grades.

A National Minimum Wage

Many economists, and some trade union leaders, have put forward the demand for a national minimum wage, usually implying some form of State enforcement. The trade unions in Britain have traditionally opposed the State regulation of wages on this basis, largely on the grounds that the minimum would tend to become the maximum basic wage. Nevertheless, the Wages Council minima do exist and are legally enforceable. What does not exist is any clear minimum standard, even a rough one, which is regarded as a first charge on industry and which is embodied in any way in the decisions of Wages Councils or Arbitration Courts.

Since the Government, with the trade unions, assumes a great and growing degree of responsibility for the control of economic life as a whole, a certain minimum standard is tacitly assumed in its decisions (about price regulation, for example). It is in a position to set this standard at a level that Britain need not be ashamed of. Even a £5 minimum for a 40-hour week would represent a big advance in very many trades, though in practice it is inadequate for health.

Table of Industries in Order of Average Earnings in One Week of 1935. Earnings Compared With Net Output Per Worker

	Weekly Earnings All Workers	*Net Output Per Worker £ Per Year*
Newspaper printing, etc.	100/-	478
Iron and steel smelting & rolling	66/-	247
Government industrial establishments	66/-	213
Electricity (privately owned)	65/-	485
Blast furnaces	64/-	258
Sugar refining	63/-	323
Cement	62/-	559
Water	62/-	685
Heavy chemicals and dyes	62/-	486-319-443
Gas	61/- -62/-	327
Tinplate	60/-	223
Aircraft	60/-	242
Petroleum refining	59/-	785
Brewing	57/-	769
Brewing and Malting	53/-	
Railway carriage and wagon	56/-	220
Grain milling	56/-	391
General engineering	53/6	227
Paper	53/-	281
Leather tanning	52/6	250
Wire drawing	52/-	247
Mill sawing	51/-	203
Glass	50/-	229
Brick and tile	50/-	216
Small arms	50/-	215
Soap, candle and perfumery	50/-	453
Fertilisers, disinfectant, glue	48/-	309
Rubber	47/-	258
Explosives	47/6	336
Spirit distilling & compounding	47/-	663-1,032
Rayon spinning	46/-	231
Electrical engineering	46/-	
Silk spinning and weaving	43/-	172
Tobacco	45/-	670
Boot & shoe manufacture	43/-	162
Millinery	39/-	170
Drugs & fine chemicals	39/-	550
Woollen & worsted	38/-	179

	Weekly Earnings All Workers	*Net Output Per Worker £ Per Year*
Hosiery … … … …	38/-	150
Pottery … … … …	36/-	137
Cotton weaving … … …	35/6	123
Jute … … … … …	35/-	120
Cotton spinning … … …	32/6	111
Wholesale tailoring & dressmaking	33/- -31/-	143

V—Wages and Cost of Living Index

Throughout the war, and since, one of the main practical problems facing the unions has been to secure wage increases for their members to meet the rise in prices—i.e., to maintain real wages, apart from extra advances claimed on grounds of higher productivity. This problem obviously becomes doubly important in monopoly conditions.

During the war the failure of weekly wage rates to keep pace with prices was, to some extent, covered up by higher earnings. In January, 1945, men's earnings in industries covered by the Ministry of Labour survey showed a rise of 73 per cent over October, 1938, of which only 38 to 39 per cent represented higher wage rates; no less than 19 to 20 per cent was due to piecework earnings higher in proportion than pre-war; 7 to 8 per cent to extra overtime; and 8 per cent to the transfer of workers into the better-paid occupations, such as engineering. With the end of the war, earnings began to fall sharply, and workers found it extremely difficult to meet the increased prices out of their agreed rates. Indeed, in a whole number of industries (building, printing, docks, tobacco, wool, engineering, boot and shoe) the workers found that the purchasing power of a week's wages was actually less than it had been before the war, despite the favourable conditions of full employment, the growth in productivity in many industries, and the advance in trade union organisation.

The unions were all well aware of the need to maintain real wage standards, in a period of rising prices, by demanding wage increases proportionate to the increase in prices. Their task was made more difficult, however, by the lack of a reasonably fair and accurate official figure of retail price increases.

The official Ministry of Labour cost-of-living index, originally compiled during the last war to deal with a similar problem, purports to measure the increased cost of purchasing the articles commonly used by working-class households in 1914. It was very widely used in wage negotiations, and some 2½ million workers in 1944 were covered by wage agreements (or Trade Board arrangements), including a sliding scale fixed by reference to this index.

It was recognised even before the war that the statistical basis of the index, always very sketchy and inaccurate, had become seriously obsolete and that a new index, based on a large-scale modern analysis of working-class family expenditure, ought to be prepared. For this purpose a survey of 9,000 family budgets was undertaken by the Ministry of Labour in 1937 to 1938 and the results published in December, 1940; but no new index was prepared, on the grounds that peacetime patterns of expenditure were, in any case, quite different from those of the war period, and the new index should, therefore, wait until conditions returned to normal. Meanwhile, the unions had still some confidence in the index as a rough measure of prices, and in the early months of the war a number of new agreements were concluded linking wages to sliding scales based on the index—e.g., in mining, iron and steel, and cotton textiles.

The 1937 to 1938 enquiry had fully confirmed the unions' view that the index was out of date. For example, the " weight " given to food in the index was shown to be much too high, and that for " miscellaneous items " (fares, cleaning materials, entertainments, trade union subscriptions, etc.) far too low. Items entirely excluded from the index formed about 40 per cent of the budget expenditure.

Weights in Official Index and in Budgets

	Official Index	*Budgets* 1937–8
	%	%
Food	60	40
Rent and Rates	16	12–13
Clothing	12	9–10
Fuel and Light	8	7–8
Miscellaneous	4	30

Overweighted Food Items

	Percentage which each food forms in	
	Whole Official Index	1937–8 *Budget* (*all items*)
Bread	9	3
Flour	3½	1
Potatoes	3	1¼
Sugar	3	1
Excluded Items	–	13½

But although the index was a very inaccurate measure of prices even before the war, this was a minor matter compared to the inaccuracy that has developed since. The trade unions were used to the comparatively small deviations of the index from the general price level produced accidentally by wrong weighting before the war. They could not foresee the gross deviation that developed when, from 1941 onwards, the Government began to subsidise and keep down the price of articles overweighted in the official index, whose consumption was, in the main, severely restricted by rationing. Other articles, underweighted or omitted from the index, were allowed to increase in price, and the indirect taxes on them were increased; the workers were, however, forced to buy them because of the ration restrictions on other foods. A subsidy on eggs or butter, for example, where rations were very small, produced an effect on the index out of all proportion to its real effect on working-class budgets. The official cost-of-living index became an artificially-stabilised index relating to a small range of commodities, many unobtainable, or available only in small quantities (e.g., fresh eggs); and workers who had entrusted their wage standards to automatic regulation in line with this index were quietly deceived for some time before they woke up to what was happening.

It is difficult to avoid the deduction that the Coalition Government, throughout the war period, deliberately made use of the inaccuracy of the index in order to keep wages down. J. M. Keynes in his famous little book *How to Pay for the War* (published early in 1940) had advocated stabilising prices for a " minimum ration " of goods (narrower than those covered by the index) as the basis for an agreement with the unions freezing wages; goods not on the ration would be allowed to rise and would soak up any increased purchasing power (pp. 33-34). The suggestion was further taken up by the Select Committee on National Expenditure (4th Report, 1940-41) who advocated restriction of the index in wartime to an " iron ration " of " those essential commodities, mainly foodstuffs, whose prices were already controlled by the Government." This scheme, however, was never openly adopted, nor is it at all likely that the unions would have agreed to it since it meant agreeing to lower real wages. The narrowness and wrong weighting of the official index, in fact, allowed the Government to get the kind of result aimed at by Keynes in his " minimum ration " index, without a conflict with the unions. The effect of this in keeping down wage rates was of major importance.

Later in the war, the White Papers on National Income and Expenditure, prepared by the Central Statistical Office, provided the discontented sufferers under sliding scales with a solid alternative index of retail price increases, an index which really rose when prices rose. True, this figure was nowhere explicitly set out in the White Paper but it was clear that the figures for " Consumer Expenditure at Current Prices " and " Consumer Expenditure at 1938 Prices " must have been arrived at by using an index of retail prices compiled on a much wider and more representative basis than the Ministry of Labour figure. It was not difficult for the Labour Research Department, the Oxford Institute of Statistics, or *The Economist* to extract the new " Treasury " market-price index by means of a simple division sum. It was much more difficult (though it should not have been) to convince employers and Arbitration Tribunals that this " Treasury " index was quite as official, and a great deal more accurate and respectable statistically, than the dear old Cost-of-Living Index (which all this time remained firmly stuck in the mud, a sheet anchor against wage claims based on practical experience). The following table shows the divergence of the " official " cost-of-living index from the " Treasury " figure.

	1938	1939	1940	1941	1942	1943	1944	1945
Ministry of Labour C. of L. Index	100	102	119	128	129	128	130	131
" Treasury " Index (market prices)	100	103	120	136	146	155	155	157

It should be noted that the " Treasury " figure takes no account of declines in quality and is thus really too low.

In the latter part of the war not only were the engineering unions, and others not tied to a sliding scale, making use of the " Treasury " index in their wage claims, but even in industries which had sliding-scale agreements, such as building, the unions were demanding and obtaining extra war bonuses outside the sliding scale. Nevertheless, by the end of the war wage rates in the majority of industries had risen appreciably less than the rise in prices as measured by the " Treasury " index.

Wage Rate Increases (Bowley's Index)

	Wage Rates in July, 1945, *as percentage of August,* 1939
Bricklayers	133
Bricklayers' Labourers	141
Printers and Compositors	125
Dock Labourers	123
Engineers:	
Fitters	141
Labourers	154
Shipbuilders	156
Railwaymen	141
Cotton	172
Wool	146
Local Authorities	143
Trams	139
Lorry Drivers	135
Boots	137
Confectionery	159
Tailoring	153
Shirts	153
Tobacco	132
Coal	193
Agriculture	201
Weighted Average	152

Since the war wage rates have risen further, but so have prices.* We have dealt elsewhere with the unions' responsibility for keeping prices down. What policy should they have for ensuring that real wages are not reduced if prices do rise?

What Kind of New Index?

In March, 1947, a Government-appointed Advisory Committee on the Cost-of-Living Index issued an interim report (Cmd. 7077, 1947) recommending that within the next few months a new interim index should be published " without prejudicing the institution of a new index of a more permanent character."

The basis for the new index is to be the expenditure pattern disclosed in the Budget Enquiry of 1937-38. This index is to start at 100, and no attempt will be made to carry it back to the pre-war period. Thus it does not meet the main criticism of the trade union movement on the distortion of the index during the war, and it is not all representative of current working-class expenditure. There is, indeed, a strong suspicion in the trade union movement that the long-delayed change is not unrelated to the cut in food subsidies foreshadowed in Mr. Dalton's 1947 Budget speech.

An acute critic in the London and Cambridge Economic Service (May 12, 1947) points out that the proposed transition at this stage to a cost-of-living index based on the 1937-38 family budget survey is likely to mean less wages for the workers.

(1) The present index shows a rise of only 30 per cent over 1939: the new index, if it could be carried back, would show something over 40 per cent rise. " No such jump will, in fact, be shown in the official index: the comparison with the pre-war level will simply not be made."

(2) The new index will include a smaller proportion of the subsidised items (bread, margarine, etc.), and a larger proportion of those subject to heavy indirect taxation (beer, tobacco). " The new index will make it easier for the Chancellor to reverse his policy. A reduction in subsidies now would raise the existing index: the same reduction made after the new index starts would appear as a much smaller rise in the index."

(3) " The new index is equally good, from the Chancellor's point of view, in respect of indirect taxes. Past increases in indirect taxation,

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* While this book was in the press the next year's White Paper on National Income (Cmd. 7099, 1947) was published, in which the basis of all the figures had been revised, so that the price rise above 1938 was shown as 49.4 per cent in 1945 and 53.5 per cent in 1946. The *London and Cambridge Economic Service* (12.5.47) estimates that the prices for personal consumption only (i.e. excluding Armed Forces etc.,) had risen by 51 per cent in 1946 and 58 per cent average in 1947; and if rent were excluded, 56 per cent in 1946 and 64 per cent average in 1947 (an important point, since the stabilisation of rent during the war does not apply to hundreds of thousands of families who have had to move since 1938).

including those just made,* have had very little effect on the current index. The new index will be much more influenced by changes in indirect taxes. But it is to be hoped that these changes will be downward in future and they will show up very nicely as declines in the new index."

There is a real danger that the workers, having lost heavily on the old index, will lose again through the timing of the new. To change the basis of the index completely at the precise moment when it is also proposed to change price policy deprives the workers of any standard of comparison with the pre-war period on which their wage agreements are largely based. Moreover, as the London and Cambridge Economic Service says, statistically " the new index can never be a very good one," if it starts by taking 1947 as 100, and makes no attempt to relate this to prices in the normal pre-war years on which its weighting is based.

The alternative is not to continue with the present unsatisfactory index. The Government could either: (1) carry back the new index to 1938: there is no insuperable difficulty in doing this, since the data are in the main collected for the compilation of the White Paper on National Income and Expenditure, or (2) make use of the " Treasury index " as an interim measure.

The Advisory Committee reported against the use of the " Treasury index " as an interim measure on the grounds: (1) that it applied to the expenditure of the whole community (not only the working class), and (2) that current patterns of expenditure are abnormal. On the first point, it would not be difficult to eliminate the real luxuries from the " Treasury index " (though the workers would not be prepared to have the goods they actually do buy, such as cinema seats, beer and tobacco excluded from the price index by which their wages are measured).† On the second point, this is surely a strong reason against using any index now which depends on a fixed and limited list of commodities, which is liable to become out of date very quickly if either economic conditions or consumers' habits alter to any great extent. In a rapidly-changing economic situation such as that in Britain today, the goods available to the people are changing sharply

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* The main one being the sharp rise in tobacco tax in the 1947 Budget.

† A useful attempt to construct a " wage-earners' price index " on the basis of the Treasury figures has been made by J. L. Nicholson of the Oxford Institute of Statistics (see their Bulletin, Vol. 7, No. 14, 13.10.45.) He took the price increase shown by the Treasury figures for each commodity group (food, rent, fuel, etc.) and combined these according to the weights derived from the 1937-38 family budgets. This " wage-earners' index " in 1944 showed a rise of 50.1 per cent above 1938, compared with 54.2 per cent for the Treasury index as a whole and 29 per cent for the Ministry of Labour cost of living index. Thus the " wage-earners' index " rose almost as much as the general Treasury index and far more than the official cost-of-living index.

(partly because of deliberate Government planning), and so are their relative prices. This means that any rigid index is liable to serious distortion in a short time, even if the Government does not deliberately use selective subsidies and rationing to distort it further.

With the great centralisation of production and the advance in economic and social statistics since the First World War, it has become possible to construct a general retail price index for all goods and services consumed. Such an index can be weighted according to the relative importance of each item in a base year (say 1938 or 1946) or at the latest date. If the two figures are very different an average can be struck. Serious and concealed distortion, due to changes in consumption patterns, is thereby avoided. Even as an interim index, this would appear to be a much sounder method than the construction of a fixed index based on 1937-38. As a permanent basis it would probably also be more satisfactory.

In any case, the statisticians should cherish no illusions that wages can once again be automatically "pegged" by manœuvres with a new index. Once bit, twice shy. Unless the new index reflects the shopping experience of the workers, it will soon command no more respect in the trade union movement than the old one; and once again the unions will need to seek wage increases to compensate for price rises, irrespective of what the official index shows.

In what way should wages be related to the new improved index?

Cost-of-Living Scales

Cost-of-living sliding scales have proved to have a number of practical disadvantages.

First, there is a time lag—the sliding scale begins to operate three, six or nine months after the price rise, and wages thus lag behind prices on the upswing.

Secondly, since no one wants to have his wages cut by the full 20 per cent if prices fall 20 per cent, sliding scales are usually devised to give a smaller change in wages than the change in prices. Hence, in periods of boom and rising prices, real wage rates tend to fall, although the capitalists are in a good position to pay more.

Thirdly, and most important of all, sliding scales involve not only raising wages when prices rise, but lowering them when prices fall. This means that when a slump begins (due fundamentally to the inadequate purchasing power of the mass of the people in relation to the increased production) it is automatically followed by a cut in wages, which further reduces purchasing power and leads to more unemployment. Today, even " respectable " economists agree with the trade unions that the maintenance of demand is the key to fighting the slump.* Cost-of-living sliding scales work in the other direction.

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* See the Coalition Government's White Paper on Employment Policy, 1944.

The point can be put in another way. It is in the interests of the working class, as we have seen, that production and productivity should be increased. If productivity increases, however, industries will be able to produce more goods and sell them more cheaply—must, indeed, sell them more cheaply in order to dispose of the increased production. But if they reduce prices, the sliding scale will operate and down will come wages and purchasing power. Sliding scales thus might, if they were widespread enough, play an appreciable part in hastening the slump. Certainly they would tend to hold the unions back from wholeheartedly aiding production efficiency, exposure of monopoly and cutting out unnecessary costs.

All this does not mean that the unions should be unconcerned with cost-of-living changes. But automatic adjustments of this sort, attempting to regulate wages by a rigid formula over many years, are unsatisfactory, and may prevent the workers getting the benefit of their increased productivity and bargaining power. The best arrangement might be a sliding scale that moved up, but not down. Since, however, this is likely to be a little difficult to negotiate under present capitalist conditions, it may be more useful to concentrate on getting adequate figures of price changes and productivity; and to make use of both in wage negotiations, without attempting to arrive at an " automatic " formula which would remove the responsibility from the union negotiators. For these negotiators must, and should, be concerned not only to maintain wages in line with increasing prices, not only to ensure the workers a share in increased productivity, but continually to encroach upon profit and to increase the workers' share of the goods produced.

VI—Wages and Mechanisation

Higher Wages Force Re-equipment

The Labour movement, as a whole, has accepted the absolute necessity of increasing production and productivity, if the standard of life of the British people is to be maintained and increased. Britain in 1946 can echo with equal feeling the words of the French trade union leader, G. Monmousseau:

> " A country which does not produce, or which does not produce enough, must become the prey of the moneylenders, who give alms in exchange for its economic and political independence."
>
> —(Preface to *Bataille de la Production,* by Benoit Frachon, 1945.)

It is beyond the scope of this study to deal at all fully with the underlying causes of the lag in British industrial efficiency. But some consideration of these causes is necessary because of their bearing upon wage policy. It has been stated often enough that technical efficiency determines the level of wages. The argument of this chapter is that wage increases are one of the main levers for raising technical efficiency. It is mainly with the mechanisation and re-equipment aspects of efficiency that the argument at this stage is concerned.

There are several reasons why this question is an urgent one for the British Labour movement. The first is that we obviously cannot consume more than we produce, and we do not produce anything like enough to provide a decent (let alone a really good) standard of living for everybody.* Secondly, even our low pre-war standard was dependent on a level of imports, which we can only maintain by a large increase in exports. If we rely on exporting 25 per cent of our output in a free market with a production efficiency one-third that of our main capitalist rival, we shall produce not a better Britain, but a vast distressed area or a colony of the United States. Thirdly (and this is the decisive point), with the increased strength of the workers' organisations, numerically and politically, it is realistic and practicable to fight to increase productivity, not by the old methods of speed-up and " rationalisation " (which only led to unemployment), but by a planned drive for the re-equipment of industry on the basis of greater control by the workers. It is possible to pass from the defensive struggle of the 1930s against redundancy and wage cuts to an offensive struggle to take the control of the economy to an increasing extent away from the capitalists. The fight for productivity ties up with the fight to free production from the fetters imposed on it by capitalism; otherwise it would make no sense.

Productivity Under Capitalism and Socialism

The normal rate of increase in productivity is usually estimated by economists (for Britain) at about 1½ per cent per annum. The actual increase was about 30 per cent in the twenty years between the wars. Real wage rates, on the other hand, increased only by 16 per cent. Allowing for unemployment, the income of the workers (including unemployment benefit) only increased by 5 per cent, or thereabouts. *The Economist* has suggested a rise of 2½ per cent per annum as a possible target for post-war planning.

In the U.S.A. from 1899 to 1939 the number of man hours per unit of production fell by 42-52 per cent. The *annual* reduction in the labour per unit produced over this period was 1.7 per cent in agriculture, 2.5 per cent in mining, 1.7 per cent in manufacturing and utilities.

All these figures would seem to be low compared with the technological possibilities. In the U.S.S.R. it is planned, under the new five-year plan (1945 to 1950), to increase productivity as follows:

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* See *Production for the People*, by F. Verulam (Lawrence & Wishart, 1940), for a detailed statistical examination of this point.

	Industry %	*Construction* %
Productivity	+ 36	+ 40
Costs	− 17	− 12

This follows on very large increases in labour productivity under the earlier five-year plans.

	Planned increase %	*Actual increase* %
First Five Year Plan ...	—	25
Second Five Year Plan ...	63	82
Third Five Year Plan ...	65	38 (First 3 yrs. to 1940)

—(Derived from Baykov, *Soviet Economic Development,* N.I.E.S.R., 1946.)

It might, perhaps, be argued that such sweeping increases are found because the U.S.S.R. was at an earlier stage of industrial development than Britain or the U.S.A. This is a fact, but while it may affect the exact comparability of the figures, it certainly does not explain such an immense difference in the rate of progress, not only in the first stages of industrialisation, but today when the U.S.S.R. is already an advanced industrial power. The picture of a backward country just embarking on the path of development is certainly not borne out if one examines the technical plans for separate industries under the latest five-year plan, and compares them with what has already been achieved or is immediately planned for the corresponding industries in Britain (for example, the high level of mechanisation planned for the building industry).

It is clear that the difficulty in maintaining a corresponding increase of productivity in the U.S.A. and Britain is not due to inability to procure technical ability or manual skill, but rather to the limitations imposed by the narrow bounds of the market for the goods produced. In the U.S.S.R. in the 1920s, the workers might be poor and wages low, because of the backwardness and scarcity of industrial equipment. But there was always a market for all that could be produced, a market which could be relied on to expand as production expanded. Wages were, in fact, planned to increase steadily in line with (though not as fast as) increasing production.* There were no sharp breaks in the process of increasing productivity, no great crises of over-production, no fear among managements that increased productivity would flood the market, no doubts as to whether labour-saving machinery would prove a white elephant. The workers could increase output without fear of " working themselves out of a job." In short, managements and workers alike had far greater opportunities to contribute all they could to increased production. And since labour was always scarce, the incentive to introduce machinery and up-to-date methods was always there.

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* *In fact,* in the period of the First and Second Five Year Plans, wages increased more than was planned and more than productivity: a development which, while necessary for various reasons, did help to cause the financial difficulties of these two plans.

This is why mechanisation and productivity can take a tremendous leap forward in Socialist society. It is not ignorance or laziness that holds back technique in capitalist society, but capitalism.

With this general background, it is worth considering briefly the special technical backwardness of Britain, as compared in particular with her main rivals in world markets.

Backwardness of British Industry

In the latter part of the war, the British public was shocked by a whole series of authoritative reports revealing the technical backwardness of many key British industries—the standard of comparison being usually, though not always, the corresponding industry in the United States.

So far as statistics are available, they suggest that before the war industrial production per man hour in the United States was about 2¾ to 3 times the level in the United Kingdom. Output per worker per year in different industries was roughly calculated by L. Rostas as follows on the basis of Census of Production figures.

Physical Output per Head in Certain Manufacturing Industries and Mining

(In Index Numbers)

A. Mainly Capital-goods Industries and Mining

Trade	*United Kingdom*	*Germany*	*United States*
	1935	1936	1937
Coal	100 (1936)	143 (1936)	263 (1936)
Blast furnaces products	100	115	361
Smelting and rolling of iron and steel	100	114	168
Iron and steel foundries	100	120	186
Iron and steel products (wire, cutlery, iron stoves, tools and implements)	100	95	(400)
Machinery	100	110	(280)
Cement	100	92	106
Coke	100	152	221
Printing ink	100	62	186
B. Mainly Consumption-goods Industries			
Motor cars	100	98	419
Radio sets	100	70	482
Cotton spinning	100	120	120
Cotton weaving	100	68	130

Rayon and silk	100	132	160
Jute trade	100	106	130
Hosiery	100	92	140
Boots and shoes	100	110	165
Rubber tyres	100	117	266
Breweries	100	67	164
Tobacco manufacturing	100	30	171
Soap	100	117	279
Margarine	100	81	168
Beet sugar manufacturing	100	34	162
Preserved food and vegetables ...	100	50	145
Wheat milling	100	93	160
Grand total. All trades covered by the sample:			
Unweighted average ...	100	97	206
Weighted with British net output		107	238
Weighted with German net output		101	231
Weighted with American net output		104	229

While the figures have been queried in detail, it cannot be seriously questioned that they reveal serious technical backwardness in British industry, specially in the older basic industries. Indeed, closer examination of particular industries suggests that the rough calculations underestimate the degree of backwardness.

The Boot and Shoe Working Party, for example, concluded that output of shoes per man hour in the U.S.A. was about double that in Britain; the Platt report showed production per man hour in the U.S. cotton weaving two to three times that in Lancashire; the Reid report on coalmining (where natural conditions are, it is true, easier in the States) showed output per shift in U.S. four times that in Britain.

The economists in general agree that the main reason for these astonishing differences is the much higher degree of mechanisation in the U.S.A. Along with mechanisation went, on the one hand, larger and more modern factory buildings suitable for housing large machines and mass-production assembly lines; on the other, the standardisation of products to make them suitable for mechanisation and mass production.

Horse power per worker in industry in the U.S.A. was over double what it was in Britain. An interesting sidelight is the fact that in 1946, 25 per cent of British cotton mills were not connected to an electricity supply at all. In agriculture 73 per cent of the farms were without any electricity supply, and of the 27 per cent which remained half used electricity only in the farmhouse and not for running the farm.*

P.M.H. Not a Purely Technical Question

Arising out of the realisation that Britain's world position has changed so gravely that she can no longer maintain herself with a comparatively backward industry, for the past two or three years there has been a spate of books and articles, suggesting that the post-war problem is not who should own or control the productive machinery of the country; not how to increase the working people's share in the national income by higher wages or fuller social services; not how to organise full employment—but solely how to increase production per man hour (usually abbreviated as p.m.h.).

The workers, and especially the trade unions, are chided for their old-fashioned interest in obtaining a larger slice of a given cake, when they ought to be concentrating on enlarging the cake as a whole (that is, the national income) by increasing p.m.h., thus automatically ensuring a better standard of life to themselves. Along with this doctrine goes, as a rule, the implication that increased wages must necessarily depend upon and follow increased productivity.

Especial prominence was given to this view of the case by the so-called " young Tories " in their pre-general election booklet *Tools for the Next Job,* and in the propaganda of the Tory Party as a whole.

> " Technical progress, skilled administration, and good workmanship, these, and not any new political system, can raise the standard of living."
>
> —(*Work,* Conservative Sub-Committee on Industry Report, January, 1944.)

It is, therefore, important to establish clearly that low wages are not merely an *effect* of low productivity, but also an important *cause* of it. Where labour is very cheap, it is often more profitable for the capitalist to employ hand labour and limit his expenditure on machinery to a minimum. In such conditions the employer has little incentive to use labour economically; it is cheap enough to waste. Hence in the low-paid industries all kinds of jobs are done by hand, in what appears to be an extremely wasteful way. Factory layouts may be sprawling and inconvenient, involving needless fetching and carrying; machinery may be antiquated and continually breaking down. So long as the wages remain low and labour plentiful, the employers are apt to show frank indifference to the suggestions for scientific management, replanning and rebuilding, mechanisation, introduction of conveyors and labour-saving methods generally.

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* *Farm Survey of England and Wales.* H.M.S.O., 1946.

Low Wage Rates a Cause of Low Productivity

There can be little doubt that low wage rates and plentiful labour have had a great deal to do with the low production per man hour in British, as compared with American, industry. The level of wages affects the matter both through its influence on costs of production and through its effect on the structure of the home market.

From the very beginning industry in the United States had to work with much higher wage rates than British, partly because the ready availability of land led to a shortage of labour, and made it necessary to pay the industrial worker enough to attract him away from farming for his own profit. A consequence of this was that many types of labour-saving machinery which did not pay in Britain, with its low wages and comparatively plentiful labour supply, did pay in the U.S.A.

> " The use of machinery for the exclusive purpose of cheapening the product is limited in this way, that less labour must be expended in producing the machinery than is displaced by the employment of that machinery. For the capitalist, however, this use is still more limited. Instead of paying for the labour, he only pays the value of the labour power employed; therefore, the limit to his using a machine is fixed by the difference between the value of the machine and the value of the labour power replaced by it. . . .
>
> " Hence the invention nowadays of machines in England that are employed only in North America; just as in the sixteenth and seventeenth centuries machines were invented in Germany to be used only in Holland, and just as many a French invention of the eighteenth century was exploited in England alone. In the older countries, machinery, when employed in some branches of industry, creates such a redundancy of labour in other branches that in these latter the fall of wages below the value of labour power impedes the use of machinery, and, from the standpoint of the capitalist, whose profit comes, not from a diminution of the labour employed, but of the labour paid for, renders that use superfluous and often impossible."
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> (*Capital,* Vol. I, pp. 428-429. Kerr edition, 1906.)

Marx goes on to give particular instances of the effect of wages on technique in U.S.A. and Britain.

> " The Yankees have invented a stone-breaking machine. The English do not make use of it, because the ' wretch ' who does this work gets paid for such a small portion of his labour that machinery would increase the cost of production to the capitalist. In England women are still occasionally used instead of horses for hauling canal boats, because the labour required to produce horses and machines is an accurately-known quantity, while that required to maintain the women of the surplus population is below all calculation."
>
> —(Ibid, p. 430.)

The analysis made by Marx has been confirmed by many modern writers. Thus one of the most brilliant of the younger economists, the late Erwin Rothbarth, in a note on the causes of superior American efficiency, dismissed the view that either the greater age of British industry or the greater size of the U.S. economy were the decisive causes of greater U.S. efficiency.

> ". . . On the one hand the availability of large amounts of land and the consequent scarcity of labour have stimulated industry to install labour-saving machinery, which has resulted in high efficiency. On the other hand the same plenty of land and scarcity of labour have resulted in a social structure which has put purchasing power in the hands of those who are ready to buy large quantities of standardised goods, but who do not favour the purchase of aristocratic goods of high, individual quality. Thus the special structure of the market in the United States has resulted in the production of products where the economies of mass production by labour-saving machinery have been particularly high. Both our explanations go back to the ample supply of land in the United States as the fundamental explanation of the superior efficiency of her industry today."
>
> —(" Efficiency of U.S.A. and British Industry," by Erwin Rothbarth, *Economic Journal,* September, 1946.)

Although land was no longer a "free good" in the U.S.A., Rothbarth thought that:

> ". . . Once the tendency towards large-scale production had become established it became self-reinforced and operated independently of its original cause, because it had created a buying public which was predisposed to pay for large quantities of mass-produced goods. In the United Kingdom, where industry never began to become efficient in mass-production methods, the market remained specialised and the forces of market imperfection are much more deeply ingrained, so that the size of the market and mechanisation and output per head all remained limited. The preference for 'craftsmanship' in British industry is probably due to this fact of aristocratic buying habits and to the relative abundance of labour much more than it is due to the lack of scientific training of British business men." —(Ibid.)

Starting from a completely different viewpoint and background, Lewis Ord, Industrial Consultant to a number of large British and North American firms reports on the attempts of experts after the last war to introduce American mass-production methods in Britain. Their success was limited, and one of the most important reasons was, in his opinion, the low wage level.

> "It was almost a universal experience for them to be told: 'We cannot afford to install labour-saving devices and machines up to the same standard as is customary in the United States. Their higher-priced labour makes labour-saving machinery a necessity, where with the cheaper British labour it does not pay.' That point of view, whatever its seeming justification, has resulted in British industry being far less well equipped with the tools of efficiency than is American industry. It has seriously retarded industrial progress in Britain."
>
> (*Secrets of Industry,* p. 91.)

It is significant that, when they were first faced with the competition of the U.S.A., British capitalists (unlike German) were able to escape from the pressure for reorganisation of their industry largely by finding still cheaper labour to exploit in the Colonial countries. The investment of capital overseas (largely in the Colonial Empire) provided cheap raw materials for British industry and a cheap food supply for British workers (thus lowering the cost of labour power over the economic system as a whole, and reducing the need to save labour). Further, it provided a privileged and non-competitive export market for the products of British heavy industry. By the outbreak of the First World War, more than half the current investment of British capitalists was going overseas, and a quarter to a third of all their accumulated wealth was in foreign investments.

> "The 50 per cent rise in exports between 1901-3 and 1907 was essentially an investment rise. . . . Manufacturers and all who thought like manufacturers gloried in the swollen exports. . . . Resources were turned towards foreign investment, rather than to the rebuilding of the dirty towns of Britain, simply because foreign investment seemed more remunerative."
>
> —(Prof. J. H. Clapham, *Economic History of Modern Britain,* Vol. 3.)

Thus, while industries like iron and steel, coal and cotton remained technically stagnant or worse, British rentiers gathered in a growing harvest of interest and dividends from Colonial and semi-Colonial exploitation. This helps to explain the "aristocratic buying habits" to which Rothbarth refers, and the misdirection of investment, between the two wars especially, into luxury and semi-luxury trades and services while mass-production for the people's needs remained the exception.

Despite the alarming weakening of Britain's competitive position *vis-à-vis* America, the capitalists have proved incapable of meeting the challenge by investing in improved machinery and plant on an adequate scale. To modernise already existing basic industries (as distinct from developing new industry on a large-scale mechanised basis) involves writing-off as worthless a lot of obsolete plant; so that either the owners of that capital must be deprived of their right to draw a profit at all (in which case they will engage in fierce price cutting to kill the new plant) or the increase in surplus value which results from the new development must be shared with them. In either case the rate of profit is lowered, unless the market is rapidly expanding (which it was not doing in the period between the wars).

The first method, terminating in a "good healthy bankruptcy" for the obsolete firm, does at least wipe out a lot of claims to a share in surplus value, though, in order for the stronger firm to emerge victorious, a large capital expenditure is needed. But with the growing concentration of investment decisions in the hands of a few financial magnates, whose interests may be tied up with the inefficient as well as the efficient concern, the second method has been increasingly favoured in Britain.*

Attempts were made in the 1930s by the leading financial circles to restore the profits of the older industries (1) by giving them, through tariffs, a market sheltered against foreign competition, (2) by forming the existing units into cartels, combines and price-fixing rings. In this process a considerable degree of centralised financial control was built up with comparatively little centralisation and modernisation of production. Typical was a combine like Amalgamated Anthracite, with its huge galaxy of small, inefficient pits concentrated in one over-capitalised trust; a cartel like the British Iron and Steel Federation, with its rigid price agreements guaranteeing a profit to the obsolescent firm.†

Under this "new feudalism," the owners of even the oldest and most out-of-date plant must, if possible, be guaranteed an income from it. And if they have to be compensated for the scrapping of their plant, the net extra surplus value which would be earned by the new plant may be insufficient to make the new investment attractive‡—especially if price reduction is not allowed by the policy of the monopoly concerned. Capital will flow instead into the light and luxury trades.

Meanwhile the very decline of the basic industries and the closing down of large sections led to concentrated unemployment in the old industrial areas, further cheapening the labour force, enabling the backward industries to stagger on a little longer, and forming a further economic barrier to mechanisation.

In this situation it is useless to rely on capitalist competition as the spur to technical advance. The main push towards improved productivity must come from the pressure of the workers for increased wages and living standards, compelling the capitalists to economise in the use of labour and to invest more of their capital in machinery and plant. A writer in *The Economist* glimpsed this when he stated:

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* Not only the *rationalisation* but the *nationalisation* of those years bore this stamp: the L.P.T.B. brought London's passenger services under formal "public" control, with a heavy burden of capital issued to the former owners which has paralysed the undertaking ever since.

† An outstanding example is the case of the new steel strip mill of Richard Thomas, which was gradually forced by the banks into the control of the "ring," and then amalgamated with its principal and obsolescent competitor, Baldwins, on terms extremely generous to the latter's shareholders. The story is fully told in *Steel*, by Henry Owen (Lawrence & Wishart, 1946).

‡ It should be noted that because of the concentration of ownership and management of capital and investment decisions in a very few hands, this type of thinking conditions investment policy not only in the case of an obviously monopolised or cartelised industry (such as heavy chemicals or steel) but in what appear to be highly competitive industries (such as cotton, or to some extent coal-mining before nationalisation). The banks hesitate to finance a large new cotton mill lest they lose the money they have advanced to the old. It follows that it is little use trying to solve the problem of monopolistic restrictions on productivity by "trust-busting" methods at the industrial end alone; the whole private control of investment is involved.

> "High wages are good for technical progress. This can perhaps be most easily seen by considering the case of a poor country such as, say, China. Firms which operate both in China and in Western countries find that it does not pay to mechanise in China because labour is so cheap. And the labour is cheap because its productivity is low. The best way of breaking out of this vicious circle is by insisting on high wages. It is a commonplace that the high degree of mechanisation in the new countries is very largely due to the fact that labour has always been expensive there. The employer was compelled to find means of economising labour and—the obverse of the medal—the saving to be derived from each new invention was the greater. Thus there is justification for the belief that the high wages came first and the high productivity as a consequence. Whether the argument could be transplanted bodily to this country, and used to justify an immediate and general increase in all wages, is perhaps questionable; but at least it is clear that a steady pressure for higher wages is more likely to speed up than to slow down the pace of technical progress."
>
> (*Economist,* September 16, 1944. Article on "Labour and Wealth.")

The close connection between low wages and low productivity was brought out in an important study by H. Jerome on *Mechanisation in American Industry* (published by the National Bureau of Economic Research in 1934), which investigated the precise degree of mechanisation and use of power in the principal United States industries. His conclusions were as follows:

> "Other things being equal, high wages encourage the use of machines and stimulate efforts to perfect them. To this fact the extensive use of machinery in the U.S. and the prevalence of hand methods in countries such as China have been largely attributed. . . . Cheaper labour in the south has made it advantageous for most southern blast-furnace plants to continue to maintain the old methods of sand-casting . . . rather than adopt the more expensive but labour-saving pig machine. In general, new labour-saving machinery was introduced less rapidly after the war years of 1917 to 1918 in the southern iron-producing districts, and productivity increased less in this district than elsewhere, because of the plentiful supply of negro labour.
>
> "This difference in wage levels may help to account for the greater number of helpers used with drawing and tying-in machines in cotton mills in the south and in England than in New England" (p. 344).

A detailed comparison of horse power used per wage earner and relative annual wages in a number of industries gave the following result:

> "In three-fourths of the instances where the wage ratio is below the average the horse-power ratio is also below average. Also, where the wage ratio is above 100, the horse-power ratio is 80 or more. Hence it seems plausible that the low mechanisation in the southern states . . . is ascribable in part to an association of low-wage levels with low mechanisation" (p. 262).

Another factor holding up mechanisation was irregular work for which casual labour was easily available (showing the importance of the guaranteed week in docks or building as a spur to technical advance).

> "Irregularity of production, a short operating season and the availability of casual labour tend to discourage investment in machinery. The machine cannot be discharged in slack periods, but human labour can and is. . . . Forces that tend to reduce either cyclical or seasonal irregularities in industrial operation are favourable to mechanisation.
>
> "The effort to reduce seasonal irregularity in the building and other industries affects the supply of labour in a twofold way. First, to the extent that the movement towards regularisation is successful, it economises the existing supply of labour by a more uniform distribution throughout the year: second, by lengthening the working period it encourages the substitution of machinery for manual effort. . . .
>
> "The intermittent nature of stevedoring operations partly accounts for the large amount of manual work in marine terminals. On docks speedy handling is essential, and it is cheaper to take on, for a short time, a force sufficiently large to load and unload the freight quickly by manual methods than to keep ready adequate mechanical equipment" (loc. cit., p. 336).

The waste of human labour in Colonial countries, where labour standards are generally far lower than even in the sweated industries of advanced capitalist countries, is a most striking illustration of the general point. The following passage from the recent League of Nations' study *Industrialisation and Foreign Trade* (1946) shows very clearly how the improvement of productivity and of wages are interlinked.*

> "In densely populated agricultural countries, and in 'backward' countries generally, industrialisation is likely to proceed along other lines. Standards of living, and hence industrial wages, in these countries are low from the outset and are not lifted rapidly to a high level. Economic development occasions a movement of labour away from agriculture and handicraft; hence it is advantageous to use much

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* It should be added that the abundance of cheap labour referred to in "backward" countries is, of course, due largely to the destruction of their handicraft industries by foreign imported goods, while no large-scale industrial development has been encouraged in their place, and the pressure of population on the land is therefore acute.

labour and little capital. Naturally, labour and capital cannot be combined in arbitrary proportions, and there are industries in which the technique of production, and hence the use of capital, cannot be greatly varied. But in the chief industries producing articles for consumption a choice can be made between more or less mechanised processes of production. The following figures quoted from an Indian study illustrate the range within which the use of capital may vary in the weaving industry.

Method of production	*Capital investment per worker Rupees*	*Output per worker Rupees*	*Ratio of capital to output*	*Amount of labour employed per unit of capital*
1. Modern mill (large-scale industry)	1,200	650	1.9	1
2. Power loom (small-scale industry)	300	200	1.5	4
3. Automatic loom (cottage industry)	90	80	1.1	13
4. Hand loom (cottage industry)	35	45	0.8	34

> "The small-scale enterprise, according to this table, employs four times as many workers per unit of capital as the large-scale, and total output per unit of capital is 23 per cent higher than in the large-scale enterprise, although the output per worker is 69 per cent lower" (loc. cit., p. 49).

The conclusion drawn by the enlightened author of this report is that small-scale industry is more appropriate than large to Colonial conditions.

> "Naturally, the use of a technique requiring little capital and much labour does not necessarily mean that the production in each plant must be on a small scale. A large plant may use the same type of mechanical equipment as a small, though it must use more of it. Generally, however, the very reason for establishing a large plant is that it permits of the use of a more highly capitalised technique than is possible in plants with small production. Unless such a technique is more profitable, plants may with advantage be not only small, but dispersed over the area of the country concerned" (p. 50).

A more useful conclusion for the Labour movement is that without the drive of the Colonial working class to raise living standards, assisted by the trade union movements of other countries, there is unlikely to be a rapid improvement in productive technique and material wealth in the Colonies. These countries will therefore provide a very limited market for the machinery and advanced industrial products of Britain, U.S.A. and Europe; but textile industries in India and China could continue to compete, on the basis of extremely low wages, even with more modern equipment elsewhere. The moral for the world trade union movement, and for British trade unionists in particular, should be sufficiently clear: that higher wage standards in the Colonies, and full freedom for the Colonial trade union movement to achieve them, must be among their own immediate objectives.

Economists who argue that high wages may stimulate mechanisation and invention must join issue with those (whether of the older Marshall school or the modern Hicks variety) who hold that wages are themselves determined, over any considerable period, by iron economic laws, operating with the irresistible power of natural forces, and unaffected in the long run by the puny human efforts of trade unions or employers' organisations.

The view that collective bargaining exercises a real influence on technical development has been ably argued by J. W. F. Rowe (*Wages in Practice and Theory*, 1928*), who refutes with much telling detail the notion that wage rates are precisely determined by economic causes alone, and states:

> " The character of the labour market at the end of the last century, combined with his exaggerated ideas as to the efficiency with which employers as a whole operate the law of substitution, and as to the all-sufficing nature of competition as a stimulus to inventive energy, led Marshall into the error of neglecting the influence of specific wage bargains, and denying the ability of trade unions to exert a permanent influence on the remuneration of labour. With these erroneous conclusions most other economists have agreed, but the time has now come to recognise the full potentialities of trade unionism in its influence on industrial organisation and technique " (p. 212).

He establishes clearly the claim that in modern conditions:

> " Within appreciably wide limits, modern trade unionism can probably control the supply price of labour for periods sufficiently long to produce a direct effect on the technique and organisation of industry, and so on the normal equilibrium level of wages.
>
> " So employers can exercise a malign influence by securing and successfully maintaining a reduction in wages below the productivity equivalent, because this will ease the pressure of the spur to improvement."

Application in British Industry

A closer examination of many basic industries in Britain today brings home with renewed force the point of Karl Marx's words in *Capital*:

> " Nowhere do we find a more shameful squandering of human

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* This fascinating book is one of the very few academic studies based on a detailed investigation of the historical course of wages and of particular wage agreements. It does not envisage the trade unions and Labour movement as being politically strong enough to control the level of employment, and this affects the political conclusions especially in present conditions, but it does not invalidate the factual material.

> labour power for the most despicable purposes than in England, the land of machinery."

In the British mining industry, lowering of real wages in the period after 1921, and again after 1926, enabled the industry to stagger on without the major technical reorganisation that was needed, although mechanisation on a limited scale was introduced. The effect of this limited mechanisation (which substituted the longwall machine-cut face and the conveyor system for the individual "pillar and stall" method) was to intensify the labour to be performed during a shift, rather than to lighten it or make the effort itself more productive. If the individual miner exhausted his strength after three shifts' work in a week at this killing pace, it did not matter to the company, since there was always a reserve of trained men anxious for a job.

The waste of labour can be indicated by the fact that per ton of coal hauled, the number of men employed on coal transport underground in Britain is five times what it is in Holland, where the natural conditions are not dissimilar, and ten times what it is in the U.S.A. In 1943, out of 615 collieries employing over 250 men underground, 407 were working faces over 2,000 yards from the shaft bottom without making provision for the men to ride to their work: so that out of a 7½-hour shift anything up to 2 hours might be wasted walking to and from work. Finally, while in U.S.A. in 1942 no less than 45 per cent of the output was loaded by machine, in Britain the power loader was practically unknown and the old method of shovelling on to a conveyor continued. The pit pony or rope haulage continued in English pits when the Continent was using electric locomotives. Cheap and abundant labour enabled the nation to waste with a fine recklessness the effort and hardship of the miners, rather than invest on the necessary scale in modernising the pits and their equipment. It is the shortage of labour, and the need to attract workers by increased wages, that now makes technical modernisation inescapable.

The outstanding example of the vicious circle—low wages, low productivity—is to be found in the British cotton industry. The loss of the overwhelming predominance of the British industry in world markets was inevitable as the industrialisation of new areas became effective: but it need not have led to such a slough of misery. The numbers employed fell with devastating speed (from 621,000 in 1912 to 564,000 in 1930 and 393,000 in 1938). The employers were, therefore, able to force large wage reductions; by acute price cutting, at the expense of the workers' wages and living standards, they endeavoured to struggle on without even replacing—let alone modernising—their machinery. Since the new industrial countries, then building up their textile industries, were doing so with the most modern machinery, the effect of the large supply of cheap skilled labour was that Lancashire sagged further and further behind technically, but nevertheless continued just " ticking over " on the basis of short time, unemployment and wages supplemented by the dole and P.A.C.

It was not until the 1939-45 war that the industry began to come to the end of this seemingly inexhaustible supply of cheap, highly-skilled labour. The labour shortage made necessary the application of the Essential Work Order, and this, in time, necessitated wage improvements. But, although wages in cotton were increased proportionately more than in most other industries, they were still far too low to attract sufficient workers. And the end of the war brought little relief to the labour shortage. Cotton (like mining) had exhausted the supply of men and women whose hearts it had broken in the 1920s and early '30s: families were no longer sending their children into the industry.

It was primarily this labour shortage which prompted the Platt Mission to the U.S.A. to compare relative production methods. That mission found that if American methods had been employed, the saving on the 1937 labour force (for the same output) would have been about 52½ per cent (spinning and doubling 38 per cent: winding and beaming 80 per cent: weaving 62 per cent), and even if the hours were reduced from 48 to 40, the work could have been done with only three-fifths of the number of workers.

What an enormous waste of human labour, skill and effort—the waste of perhaps 150,000 men's and women's work every year—is involved in this decay and technical degeneration of the Lancashire industry!

In comparing the technical methods of weaving used in the two countries, the Platt report notes that:

> " Conditions throughout almost the entire British cotton weaving industry are technically similar to those which existed 40 to 50 years ago. . . . The loom is still non-automatic in character, and depends for its efficiency on the concentrated attention of the weaver who, performing a multiplicity of duties, often finds the supervision of four to eight looms, even on the simpler cloths, the limit of her ability and physical effort. For the success of this system, it is essential that there should be a large and cheap, but nevertheless highly skilled, labour force available. It is a system based on the allocation of a relatively large part of the work of weaving to the operative and a relatively small part to the machine.
>
> " Cop and shuttle changing, which usually occupy the greater part of the time the weaver spends in weaving, are responsible for a loss of production and efficiency in the average British weaving shed. In the American industry this work is done, not by the weaver, but by the automatic motions of the loom."

The majority report of the Cotton Working Party ably analyses the reasons why re-equipment still lags in the industry:

> "A very great proportion of the equipment of the cotton-textile industry is not merely pre-1939, but pre-1914, so that not only have two steep war rises occurred since its book value was recorded, but the original cost must have been, in many cases, entirely written off. If, therefore, a mill equipped, say, in 1906, can operate effectively with practically no capital charges to be included in its costs, then, so long as an adequate labour supply is available, it would be necessary to show extremely high operating economies to make it seem a paying proposition to instal new plant at present prices, especially if substantial building alterations are involved. Indeed, from the mere profit-earning standpoint it might well *pay* an individual owner best to take advantage of present easy markets, work his machinery till it is worn out, and then go out of business.
>
> "But whilst such a course may appear for the moment to pay, the effects on the national interests, on the operatives' interests, and on the long-term interests of the whole industry are very different matters."

Further, the report stresses that not only labour *shortage* but wage rates are a vital factor in deciding employers whether to re-equip. It is held that "the relative advantage of new labour-saving machinery steadily increases as the standard of wages goes up," and again:

> "The labour position . . . is the dominating factor affecting the reasons for, and advantages of, re-equipment. . . .
>
> "The increase in wage per worker (due both to rises in the rate of wages and to the diminution of the proportion of juveniles and women) reinforces both the need and the economic advantages of re-equipment. The better the machinery available, the higher will be the earning power of human hands. The higher the wage levels, the greater will be the commercial advantage of labour-saving machinery."

A similar position exists in the pottery industry. The Working Party here (though its Report was far less searching and drastic than that of the majority in cotton) pointed out that low wages had in their turn operated against labour-saving improvements. The bad, tumble-down buildings and higgledy-piggledy lay-outs of many potteries were directly related to this.

> "Wages were reduced and there was much short time. Working conditions in some factories were quite unsatisfactory, the factory buildings were old and, in part, ramshackle, dark and dirty.
>
> "*Layout*: The most important factor today in increasing output per man hour in the potteries is factory *layout*. The proportion of man hours spent on actually processing ware is too small compared with the man hours spent in moving the ware in process from one operation to another. Certain factors have tended to perpetuate this condition: (i) the book value of his buildings represented a very large proportion of the manufacturer's fixed capital so that he was reluctant

> to admit a serious rate of wastage in its value; (ii) some potteries are on ground that is not level, and many, in expanding, have found themselves cramped for space and forced to build additional storeys; (iii) pottery in process is fragile stuff and the human carrier could not easily be improved upon, especially where differences in level had to be negotiated; (iv) *labour for carrying was abundant and cheap* (our italics).
>
> "Most of this is still true today, but with present wage rates and the prospect of fewer workers than they had before the war, the manufacturers generally realise that it is no longer decisive and that there must be extensive and radical rebuilding.
>
> "*Automatic and semi-automatic machinery for 'making' ware*: Faced with high wage costs and lack of skilled craftsmen the United States' pottery manufacturers have gone far to increase output per man hour by the use of machines."

Here again the appalling waste of human labour is evident. For example, the lack of planning:

> "There is also great scope for economy in the intelligent organisation of making. It is significant that the union has found it necessary to negotiate with manufacturers an additional payment of 6d. a tool for every change of making tool (i.e. to make a different item) in excess of 30 a week. Waste arises, of course, not merely in the time taken in tool changing, but in the slowing down in the rate of making with each fresh tool. We are told that it is known for a worker to change tools 20 times a day, and, though this is no doubt exceptional, the fact that the workers' representatives feel that the personal allowance is inadequate is strong evidence of the huge slowing down of production that can be caused by bad planning. . . . The real responsibility undoubtedly lies with the management."

And the Working Party regard improved wage rates as one of the main levers to secure improvements:

> "It is vital for the general efficiency of the industry and the welfare of those engaged in it that the eternal thinning-out process should not be slowed down by artificial means, but should, rather, be hastened by the compulsory maintenance of decent standards of wage rates and of factory conditions. It is essential that minimum wage rates (like factory conditions, to which we have already referred) should be statutory and should be firmly enforced. It is outside our terms of reference to say what these rates should be, but we are agreed that, although there are some practical difficulties, they are not so serious that statutory minimum wages cannot be generally enforced.
>
> "For this purpose it is necessary that the wage structure should be simplified and codified. This is urgent. The case for free competition within the industry would fall to the ground if this work were not completed before that competition again makes itself felt.
>
> "At the same time the wage structure should provide for a clear distinction between skilled and unskilled work, in so far as a further

> inducement can be introduced in this way to discourage the waste of skilled labour on unskilled work."

Similarly, the British Iron and Steel Federation, reporting on their plans for modernising the industry, say in relation to the Scottish ports:

> " None of the existing ports in Scotland can be regarded as being provided with adequate facilities for the handling of the large tonnages of imported ores which are, and will be, required. Such facilities are now an economic necessity, owing to the increased cost of dock and other unskilled labour." —(Cmd. 6811, 1946.)

It is important to note that in a number of industries the wage-structure allows the inefficient firm to continue and compete very successfully with the efficient firm by paying lower *hourly* earnings for the same work; hence the incentive to mechanise or improve lay-out is greatly weakened, since the direct labour cost per unit is the same for an efficient or an inefficient firm. The point (which is discussed in more detail in our chapter on Payment by Results) arises (a) in industries where a standard list of piecework prices, rather than an hourly rate, is the basis of agreements; (b) in industries where piece-rates vary widely from shop to shop and the agreed hourly rate, though it may exist, is very far below the standard of earnings of piece-workers in the better shops. Data on the inequality of piece-work *earnings* between firms are, unfortunately, scanty: but they are known to vary very widely in industries such as (a) boot and shoe and cotton manufacture; (b) engineering and pottery. In certain cases (see Chap. XI) the difference in hourly earnings between districts is so great that a quite different level of mechanisation will pay the employers best in each district; this is especially the case in coalmining.

This point is clearly brought out by the material collected by the Boot and Shoe Working Party on relative wage levels and productivity. The Working Party was much concerned about the wide variation in efficiency between different firms; output per operative per year in firms making men's cheap shoes varied from 720 pairs to 1,440 pairs (net output from £111 to £247) and for men's medium shoes from 672 pairs to 1,320 pairs (£109 to £260). The puzzle was how the less efficient firm managed to compete at all. A great part of the explanation undoubtedly lies in the lower hourly earnings of workers in the inefficient firms. In most districts (Northampton being the exception) the piecework prices are fixed for each operation by a standard list negotiated on a district basis; but with wide differences in managerial efficiency the earning capacity of pieceworkers varies widely from one firm to another.

> " Our visits to factories clearly showed that, in some establishments, the management had been able to arrange for the work to be passed

> regularly from one operation to another, thus maintaining an even pressure on individual workers and enabling them to earn the maximum permitted by the piece rates. In other establishments, the method of organisation, the type of building, and unbalanced capacity of various sections caused the flow of work to be erratic and these factors materially reduced the productivity of the factory and the earning powers of the workers."

The earnings of pieceworkers in the best firms were anything from 60 per cent to 80 per cent above those in the worst—and this in a highly-organised industry from the trade union standpoint.

	Earnings of Male Adult Pieceworkers (Averaged over the Firm Employing them) in Pence per Operative Hour	
District	*Highest firm*	*Lowest firm*
Leicester City	39·7	21.0
Leicester County	44.5	24.5
Northampton	40.0	25·7
Rushden	38.7	25.0

It is evident that the wage structure in an industry wih a fixed piecework price-list permits the inefficient to compete by keeping overheads on plant low and by underpaying its workers, as well as denying them reasonable amenities at work. The labour-cost per unit being rigidly standardised, the employer is not likely to respond very enthusiastically to suggestions that he should increase p.m.h. by better progressing, by more effective lighting and heating of the workplace, by colourwashing the walls to induce cheerfulness in the operative, by installing a canteen, a welfare supervisor or a trained nurse, or any of the other suggestions so tirelessly put forward by the expert in labour management and the Factory Inspector as measures which " pay in the long run."

The way out of this difficulty is clear once the problem is correctly stated. The establishment of a guaranteed weekly wage at a level which is fairly high (in relation to piecework earnings) gives the employer a push to increase p.m.h. by securing a steady flow of work and providing reasonable equipment and working conditions. The more the agreed minimum piecework percentage is brought into line with the actual earnings in reasonably well-organised shops, and firmly enforced by the unions, the more intolerant the unions are of firms where you " can't make more than the bare rate," the better chance there will be to get rid of the slum factory and the inefficient and backward management which is wasting the nation's manpower.

Why Don't the Employers Get On With It?

The general line of argument put forward here has recently received the stamp of authority from Mr. Attlee.

> " . . . For years before the war we were accustomed to having surplus labour on the market, to having a large amount of unemployment, and the existence of that surplus labour bred in all classes an attitude of mind which must be changed. Less enlightened employers used labour wastefully; they disregarded modern conceptions of labour management and the provision of amenities. Cheap labour has often been the enemy of technical advance. Historically it is true that it has often been the action of trade unions, in combining and pressing for better conditions, that has made for technical advance. In an era of full employment employers will have to realise that there are not a lot of people waiting for jobs, and those who do not accept proper standards of wages and conditions will go short of labour."
>
> —(Hansard, 28.2.46.)

Yet despite all the arguments for the " economy of high wages," we detect no sign that the employers have modified their policy on wages in this direction. The truth is that output, as output, is not the employers' concern, being at best a by-product of profit: and a continually rising wage level and need for mechanisation is apt to increase output but reduce profit-rates, by compelling the employer to lock up more capital in fixed plant. The cheap, simple way to increase profits is to pay the worker less for more work: and it is this simple though disastrous advice which comes most readily, not only to the minds of the employers, but to their economic advisers. Thus *The Economist* in what has, unfortunately, become once again its typical vein:

> " If higher wages are tied up with higher productivity, which should come first? Is it right to raise the wages first and trust that the productivity will follow—in spite of the evidence that, in some industries, the more the worker is paid the less he works? As a matter of principle, the question has only to be asked to be answered. But in practice, in one industry after another, something suspiciously like this is being done." —(*Economist,* 19.1.46.)

In fact, as experience with the five-day week in the mines has shown, an improvement in conditions may bring an increase in productivity as a direct consequence.

The labour shortage has for a time compelled some employers to accept the need for higher wages.

" The Devil was sick—the Devil a monk would be."

But what is to happen when—if—the employers are no longer in this position? There can be no doubt that many employers are biding their time until the " abnormal " labour shortage is over, until " normal " unemployment and insecurity return, to make a sharp attack on wages; and this, they believe, will give them the advantage in the long run over firms unwise enough to re-equip and increase p.m.h. now, which will have their capital tied up in expensive machinery when the slump comes.

The actual approach made by many capitalists to this question (despite a lot of lip-service to modernisation) is made brutally clear in the Minority Report of the Cotton Working Party, signed by the employers and by several " independent " members, of whom the best known is Professor Jewkes, Professor of Political Economy at Manchester:

> "The higher degree of mechanisation which the Americans have adopted might be quite inappropriate in the circumstances of the general British economy. The only criterion of whether we should embark upon increased mechanisation here and now is not whether such mechanisation would increase output per head to the level of that in American industry, but whether mechanisation here can reduce costs sufficiently to make it profitable.
>
> " Comparisons of output per head with America are at least useful in making out a *prima facie* case for investigating American methods to determine whether methods are being used there which are not being employed by the British manufacturer. But when the British manufacturer comes to decide whether to introduce such methods here he should be guided by considerations of cost and price after the proper claims for satisfactory working conditions and wage levels have been met. It would be a mistake if the cotton industry, by comparisons of output per head, were encouraged to take its eye off the problem of costs, and plunge for a higher output per man for its own sake."
>
> —(p. 232.)

Their alternative proposal, instead of going all out for re-equipment and modernisation, is to speed up and intensify the work on the existing machinery:

> " One obvious way would be to reorganise weaving sheds so that each weaver, with proper assistance, either from mechanical devices or from ancillary labour, is able, instead of working with four looms, to operate six, eight or more Lancashire looms. This method is often just as economical, and sometimes more economical, than the introduction of automatic looms."* (p. 234.)

It is extremely significant, however, that even this group of extreme economic reactionaries concede our main point in the same Minority Report:

> " There is one influence which will, in many instances, bring powerful pressure upon employers within the next few years to install more modern machinery. It is the recent increase of wage rates in the cotton

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* The trade union members made a very sharp rejoinder. They summed up the employers' attitude as being: "If you want to get more production, the chief way to do that is not improve mechanical equipment, but to get more out of the workers," and they add: " we are quite prepared to join in developing ideas for improving the deployment of labour,' etc., but we cannot allow such ideas to be used as a pretext for not giving the workers the best tools to work with."

> industry. In the past, in all countries with relatively high standards of living, the wages paid to cotton workers, especially to men, have been low in relation to wages in other industries. But in recent years in this country cotton wages for men have steadily moved up the wage scale from virtually the bottom of the list. And further wage increases have taken place since the last census of earnings in July, 1945.
>
> " So long as a condition of active employment is maintained in the United Kingdom as a whole, so that alternative employment is available, the employers in the cotton industry will be compelled, if they are to retain their labour, to offer wages and working conditions which do not compare unfavourably with those in other industries. This will force employers to discover ways of increasing wages without a proportionate increase in cost. One of the general ways of doing this is to provide more mechanical equipment per worker. The balance is, therefore, being very steadily tipped in favour of more equipment and less labour for each unit of output."

Indeed, lest higher wages should make re-equipment inescapable, the Minority Report suggests a general national wage policy to prevent " competition to force wages up to higher levels."

The most reactionary employers are naturally alarmed at every step taken by the Government in the direction of State enterprise and control of investment. For the larger the nationalised or nationally-controlled sector of the industry is, the more control the Government exercises over the balance of industrial investment, the more difficult it becomes to rely on unemployment driving down wage standards.

Nevertheless, many employers are still quite unconvinced that the Government really means business as far as full employment is concerned. And, so long as they remain uncertain on this point, they will be strongly inclined to hold their hands about re-equipment and to rely on the reappearance, at a fairly early date, of their " large and cheap, but nevertheless highly-skilled labour force."

That way lies suicide for British industry. In the long run, the automatic loom and high-draft spinning must drive out the present Lancashire methods as surely as the power loom drove out the hand-loom weaver. Starvation wages make the process more protracted and more agonising: they can never re-establish a healthy industry.

It is worth turning again to that independent expert, Professor Jewkes, who loudly challenges the case for higher wages, not only among hard-headed business colleagues on the Cotton Working Party, but also in the higher realms of academic economics. Here he blows:*

> " There has, for some time, been a public campaign for increased p.m.h. in British industry. That has led to a demand for

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***Second Thoughts on the White Paper on Employment Policy. Read in New York on June 7th, 1945, before the 25th annual meeting of the National Bureau of Economic Research, U.S.A.**

> extensive capital re-equipment. No one would deny that increased efficiency at this, as indeed at all times, is much to be wished for. But the campaign has led to the assumption that increased efficiency and increase of p.m.h. are the same thing, i.e., that capital costs can be ignored. There seems to be a popular chain of reasoning which . . . runs thus: If we can increase output per head then wages can be increased. The way to increase output per head is to re-equip industry. If wages can be increased then employers will be forced to re-equip because they will seek ways of keeping down labour costs. Therefore wage increases are positively helpful in the process of reconstruction. I think this sort of reasoning is more likely to lead to errors in action, because the British Government, for many reasons, but particularly because of the enormous national debt, is inevitably committed to a policy of low interest rates which, whatever its other advantages, deprives the rate of interest of a part of its normal function of acting as one of the most important stabilising prices in the system."

The careful reader will note that Jewkes's real objection is to low interest rates. It is perfectly true that higher mechanisation can bring a great improvement in wage rates if it is based on low interest rates. That is hardly an objection from the viewpoint of the workers or the Labour Government, whatever it may be for the rentiers and the City of London.

Mechanisation and Unemployment

While extra-low wages are undoubtedly a contributing cause of low productivity, and rising wages coincide with, and encourage, the installation of machinery, it would be dangerous to suggest that high wages and mechanisation by themselves offer a permanent solution.

For re-equipment and rationalisation under capitalism take place, not with the aim of *increasing production* (which is merely a by-product of certain methods of increasing profit), but with the aim of *increasing profit* by reducing the labour cost of each article, without a corresponding reduction in price. There are a number of ways in which this may be done. A new machine may enable a given output to be produced with less workers (the remainder becoming unemployed, thereby reducing the total demand for goods, and increasing the danger of an attack on wages by the employers). Or it may be possible to produce with cheaper types of labour (women, children, unskilled workers in place of craftsmen). Even if the machine is allowed to result in increased *output,* it is unlikely that the wage bill (allowing for the wages paid to the machine makers) will increase commensurately. In consequence, as the evidence of the technically efficient U.S. industry so brutally shows, the mechanisation of processes in capitalist industry is part of the factors leading to unemployment and economic crisis.

It is quite fallacious, therefore, for economists to assure the workers that devices which increase production per man hour, and hence enable the individual employer to increase his output, will automatically increase the total size of the national income and the worker's share in it, without the most determined struggle on his part to increase his share at the expense of the capitalist, and to obtain a growing control of production in the interests of the people.

Many orthodox economists have preached the comforting doctrine of the automatic benefits of increased productivity, arguing that the past experience of the working class proves its validity. The scarcity and inadequacy of British labour statistics (in particular on wage bills and cost of living) has encouraged a very widespread assumption that as productivity has increased so has production; and that with increased production and national income working-class incomes have risen correspondingly.

There is a good deal of evidence that while living standards have risen, thanks to trade union and political effort, they have not advanced parallel with the rise in productivity. Statistical material is regrettably scanty. Some useful comparisons, based on the Census of Production, were, however, made by L. Rostas (in the *Economic Journal* article already cited) showing that the share of wages in the net output of industry in Britain has tended steadily to decline in recent years.

Share of Wages as Percentage of Net Output in Britain

	Factory Trades	*All Manufacturing Trades*
1924	45·3	52.1
1930	45·4	50.6
1935	44·3	48.7
1938 (est.)	43·3	47·6*

*Factory trades and coalmining only.

In attempting to measure changes in general living standards and over a longer period (say, since 1900), and compare these with production trends, the statistical difficulties are much more formidable. It will probably be agreed that real earnings per employed worker have risen over the period, and that social services have been extended. On the other side must be set the growth of mass unemployment, which became a permanent blight on many "distressed" industrial areas (the comparative security of employment of skilled craftsmen in engineering or shipbuilding was only a memory in the 1920s). In estimating the standard of life of the working class as a whole, the relevant fact is the net income per employed *and unemployed* worker.

There are other factors even less easy to weigh statistically—the ageing and decay of the existing stock of working-class housing as against the higher housing standards on some of the newer estates; the increased strain of high-speed mechanised production and longer journeys to work as against the shortening of hours. Again, it must be remembered that of the past 35 years, 10 have been years of war, and another 10 at least years of direct war preparation or of recovery from war. "Normal" conditions have taken up the smaller part of the period (a remarkable commentary on the life provided for the workers under advanced monopoly capitalism). The methods of drawing up a balance sheet of all these factors in statistical terms will always be somewhat arbitrary; without more precise statistical knowledge than we have at present, too much weight should not be claimed for such comparisons.

One may, however, note that a Liberal investigator, B. S. Rowntree, in *Poverty and Progress* (1940) estimated the increase in the workers' standard of living in York from 1899 to 1936 at approximately 30 per cent—about .8 per cent per annum. Part of this was due to the smaller size of families. Since York was a town comparatively little affected by the unemployment which devastated the heavy industrial areas between the wars, the increase of 30 per cent is undoubtedly considerably higher than would be shown (by comparable methods) for the country as a whole.*

The increase in annual production per employed worker over the same period is shown by Colin Clark† at something over 40 per cent; allowing for the increased short time in 1936, the figure would probably be nearer 50 per cent. These facts suggest that living standards have not kept pace with actual technical advance, and still less, of course, with technological possibilities.

Colin Clark, in *National Income and Outlay* (1936), has underlined the main reason for this:

> "From the conditions George Edwards describes (in the 1850s) we have advanced to the 'frugal comfort' (to borrow the words of the Papal Encyclical) of a large section of the present-day working classes, the qualified poverty of miners and agricultural workers at 30s. to 40s. a week, and the promotion of an increasing proportion of the population to the ranks of the well-paid salariat.
>
> "In return for this degree of economic progress, at least half of the working population is now living in a condition of economic insecurity

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* Rowntree's calculations (naturally enough) take no account of the increased intensity of work in modern industry on the one hand or the shortening of hours on the other. Another factor which is very difficult to measure is the change in the *quality* of goods, especially of clothing and furniture, in some of which cheapness was undoubtedly achieved, in the later period, by selling a less serviceable article.

† National Income and Outlay. The doubtful point here is the amount of increases between 1913 and 1924—shown on Clark's chart at about 10 per cent.

> and fear of unemployment, which in the past was the lot of only a minority." (p. 264.)

In the inter-war years, the difference between increased productivity and increased output for the benefit of the people became the central fact of British economic life.

> "Employed and unemployed, taken together, we have, during the last few years, been producing only a little more than in 1913, the increase of 15 to 20 per cent in productivity per worker being almost exactly balanced by the increase in unemployment." (Clark, p. 269.)*

It is clear, at any rate, that one must treat with reserve some of the very optimistic estimates of the improvement in living standards which have gained wide currency.†

It is not without cause that the slogans " produce more," " introduce more machinery " are viewed with suspicion by workers who lived through a produce-more campaign in 1919 to 1920, succeeded by the unemployment of 1921: who then heard the new gospel of " rationalisation of industry " preached in 1927 to 1929, and experienced the still greater unemployment and restriction of productive capacity in 1931 to 1933. They know from experience that mechanisation has commonly meant either redundancy (doing a job with less workers), or de-skilling (doing it with lower-paid workers), or both.

That there is really no automatic process whereby increased wages result from increased productivity and production can be readily illustrated from a few of the more striking mechanical and technical advances made in British industry in recent years. For example, in cotton, ring spinning is now generally admitted to be more productive and economical than mule spinning for the coarser counts of yarn, and probably for others (in no country except Britain is mule spinning still carried out on an appreciable scale). Mule spinners are mainly men, earning £5 10s. to £6 or more a week (their assistants much less): ring spinners are normally women paid at women's rates, and organised in a separate union. As the agreements stand at present, the workers would lose in wages if ring spinning were extended, as the technical experts generally consider it should be. The recommendation of the Evershed Commission that ring-room wages should be on a common basis for men and women is long overdue.

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* Clark shows that the increase which nevertheless took place in workers' standards over this period (1913-36) was due to an improvement in Britain's terms of trade, especially during the world crisis of the 30s and the catastrophic slump in world agricultural prices. The trend of terms of trade during and since the war has been markedly the other way.

† E.g., that by M. Abrams in *The Condition of the British People*, 1911-45, which estimates an improvement in the employed worker's living standard of 50 per cent over the period named, but makes no attempt to assess the effect of greater unemployment and short-time working.

Sir Amos Ayre, Controller of Merchant Shipbuilding during the war, and chairman of Burntisland Shipbuilding Co., in a paper presented in April, 1945, to the Institution of Naval Architects, said of the industry:

> "As a result of 25 years' technological progress, simplification of structure, additional plant, etc., there was an increase of 50 to 75 per cent in average output per number employed in 1941 to 1943, as compared with 1917 to 1918."
>
> —(*Shipbuilding and Shipping World.*)

Normal hours and real wages in shipbuilding, however, were no more favourable in 1943 than in 1919.

Aveling-Barford, Ltd., Grantham, manufacturers of building and civil engineering plant, claim in a recent pamphlet that their new range of machines for site preparation " can do in 100 hours work for which 610 hours were specified in an official schedule of the Ministry of Works. In other words, 50,000 men using this mechanical building equipment can do the work of 300,000 employing the old-fashioned methods now prevailing."

The trench-cutting machine excavates 20 cubic yards an hour, against a good labourer's three-quarters of a cubic yard. The calfdozer (specially designed for small building sites) does the work of 10 men with pick and shovel. The power barrow takes four times the load of the wheelbarrow at twice the speed—enabling one man to guide it without great effort. The mechanical hod lifts 15 bricks at a time and deposits them beside the bricklayer.

The wage at present paid for using these tools compares with the navvy's rate as follows:

Civil Engineering

	Plus rate per hour
Calfdozer (Barford)	2d.
Trench-cutting machine (Barford) ...	2d.

Even allowing for depreciation on the machinery, it is clear that the wage bill is not rising parallel with the rise in productivity.

The Ministry of Fuel and Power Report on Coal Mines Mechanisation (1945) shows that with the Meco-Moore " cutter-loader "—a machine which " gets " and loads the coal in one operation—output rose as follows:

Output Per Manshift, All Coalface Workers

	Previous method	*With loader*
Notts Colliery	6.79	9.05
South Derby Colliery	5.00	8.09

Figures are given for eight power-loader schemes which have already more than doubled the previous output per worker.

Wages on power loaders are not covered by a national agreement, the owners having refused a request by the union for this in 1945. The usual practice is to pay the power-loader team a day-wage rate roughly equivalent to a collier's normal piecework earnings in the pit or district, or a little higher. Sometimes a bonus of 5s. is paid for completing the cycle of operations. There is no guarantee of increased earnings from increased productivity.

In the face of these facts, which are part of the collective experience of the British working class, it is not much use trying to convince the trade unions that their *only* concern at this stage should be with "enlarging the cake" and an increase in their own slice of it will follow as the night the day—as though technical progress under capitalism expanded the whole productive process smoothly and evenly, and with it the worker's share, as each part of the pattern on the surface of a balloon gradually expands when more air is blown into it.

Indeed, if the trade unions were faced with two alternative policies —"either work to increase productivity, and let increased wages follow from it: or confine your attention to increasing wages and conditions, and leave production policy to the other side"—it is likely they would choose the second as more helpful to working-class interests as a whole. But in fact there is no such contradiction between the two aims. The pressure for improved wages and conditions, and lower prices, not only does not conflict with, but helps forward the drive for higher output. And the trade union demand for increased working-class influence on the direction and control of production is likewise a key point in the fight for higher wages.

The first essential is to secure a rising general level of wages and shorter hours as productivity rises. It should be noted that a 2 per cent rise in productivity balances a 5 per cent rise in the national wage bill. The forty-hour, five-day week, without loss of wages, is the immediate objective set by the T.U.C.

Second, the State must intervene to ensure that all available workers are employed on nationally important work, whether or not the employers see a profit in it. This principle, generally agreed to in war, has never operated in Britain in peacetime, nor does it operate even yet under a Labour Government and in the midst of a replacement boom.

Nationalisation widens the field in which the Government is the employer, and to this extent helps to ensure continuous and planned employment. The nationalised coalmining industry, for example, can influence and tend to steady employment, not only in mining (through a policy of rising wages and falling hours), but also in the engineering industry supplying its machinery.

Taking all the industries scheduled for nationalisation together (railways, steel, gas, electricity, transport), it must be borne in mind that they form only about 20 per cent of our national industry, and capitalist pressure will be exerted to use them further to increase profits in other industries. It is not merely a question of nationalisation, therefore, but of a concerted policy pursued by the Government in all industries—the drawing up and implementation of a National Production plan with definite targets of output and price for each key industry, on the lines now familiar, not only in U.S.S.R., but in most other progressive European countries.

The large-scale public investment in housing through local authorities is the pattern which will have to be followed in relation to many other industries to fight against unemployment. The extension of " direct labour " and the use of R.O.F.'s (e.g., the production of hosiery machinery recently announced for one R.O.F.) and Government bulk purchase make it possible to extend Government investment and planned employment far beyond the limited " public works " conception—provided there is no hesitation about competing with private enterprise. For example, the enthusiasm of the Welsh miners for mechanisation and replanning of the pits would certainly be far greater if there were more Government factories in the coalfield able to absorb men who become disabled or redundant in the mines.

To the organised workers, the guarantee of a national plan that will be effective is the increased power and recognition of their trade unions, both in nationalised industry and in the control of non-nationalised sectors. It is not merely a question of trade unionists with advisory status on national boards, but of consultation and full recognition of the union at every level of production from the factory, mine or depot upwards. A planned drive by a Labour Government to increase mechanisation and p.m.h. is inconsistent with the maintenance of the old " managerial functions," the employers' exclusive right to say who shall work the machine and at what rate of wages.

Recognising that only in a Socialist society can mechanisation be without dangers, the organised workers will support it at the present stage only if they have confidence that Britain is moving in the direction of Socialism and not towards a more centralised capitalism. In building that confidence the status of their unions, and, above all, their own wages and conditions, play a more important part than propaganda. The achievement of the forty-hour week and a £5 national minimum wage would play a tremendous part in creating the confidence that the working class is now strong enough to make technical progress a weapon in its fight for power.

The National Union of Mineworkers greeted the approaching nationalisation of the mines, for which the miners had been campaigning for 40 years, with (1) an all-out production effort, including the appointment of some of their leading officials as full-time production officers; (2) a new Charter of demands, including rapid mechanisation and the five-day week.

The struggle for the Miners' Charter, against the argument that improved conditions ought to wait till productivity has greatly increased, has, of course, been aided by the really catastrophic man-power shortage in the mines. But the miners' " fight on two fronts " has lessons for other unions that are formulating policy in this period.

The changes in wage structure that are needed with the advance of mechanisation will be the main subject of the next chapter. Meanwhile, it is important to be under no illusions about the urgency of improving technical efficiency. There are more ways of killing a cat than choking it with cream; and it will be poor consolation for the working class to avoid the unemployment and undermining of skilled wage standards that might well result from uncontrolled mechanisation in Britain, if they are to suffer the same unemployment and wage cutting because of inability to produce and export sufficiently to maintain living standards. Technical stagnation cannot be the basis of a rising level of real wages and social services. The rentier's approach to industrial innovation (" inventions are the things that make securities insecure ") cannot be the philosophy of the working class, the rising class in Britain and the world.

VII—Grades of Skill and Technical Change

The development of mechanisation and new processes in industry not only increases the production per man hour, but also radically changes the work itself and the demands on the worker. Since the employer is—as we have seen—mechanising and rationalising not to increase *output*, but to increase *profit*, he is interested especially in using such technical changes to reduce labour costs as far as possible. So far, the trade union reply to this policy has not been anything like united and firm enough. The exploitation of the whole class of workers who form the backbone of mass-production industries—those designated by the employers as " semi-skilled "—is the weakest point in the strategic position of the working class on the wages front.

Processes which increase production per man hour usually do so in one or more of the following ways:

(1) By standardising the job and sub-dividing it, in such a way that each worker has a more limited and specialised job to do.
(2) By introducing machinery to do the heavy part of the work (including the use of hoists and conveyors for lifting and carrying).
(3) By introducing machinery to do automatically intricate parts of the work, which were formerly done by a highly-skilled craftsman.

(4) By improving the lay-out and organisation of the factory to cut out unnecessary fetching and carrying, etc.

This process tends (1) to make the work more suitable for women and young workers, by getting rid of much of the need for sheer muscular strength; (2) to make an increasing place in industry for a type of worker who is highly skilled in a specialised job, without the long training that would qualify him to turn his hand to a great variety of jobs and carry out any process in the trade, as the older type of craftsman could do; (3) to increase the demand for a very highly-skilled worker capable of maintaining the new and increasingly complex plant in working order.

It is difficult to assess precisely the changes in the skill and ability required of the worker as technique advances: they vary from industry to industry and from one technical change to another. It is by no means always true that mechanisation means an all-round decline in these demands, as is very often assumed. In certain respects they are greatly increased.

The most important of the new demands is speed. The increased speed of machinery, conveyor belts and the general working pace of the industry requires a greater concentration on the worker's part. A job which may be easy enough in slow-motion requires considerable dexterity and practice to perform safely and accurately at high speed. This simple fact, well enough known to violin students who aim to rival Yehudi Menuhin, is likewise borne in upon time-served craftsmen of the old school if they go into a mass-production factory. More complex machines and mass-production methods require more highly-skilled maintenance men and more people qualified in planning, progressing and inspection.

On the other hand, for many production jobs mechanisation and technical development, especially in the direction of mass production, do tend to reduce the individual training and effort required to do a particular job. The new type of worker is not " unskilled " by any means; he has to be bright, quick, intelligent, with all his wits about him, but he can undoubtedly learn his job much more quickly than he could do in the old days. It is just this worker, who has had no all-round training which would equip him to take a slightly different job somewhere else, who has been most at the mercy of employers to exploit against the traditional skilled craftsman.

In the main, trade union agreements on wages are based on the recognition of fully-skilled men (usually defined as time-served craftsmen) and unskilled (who were originally the labourers fetching and carrying for these craftsmen). The tremendous and growing numbers who fall into neither category have either no nationally-defined rate at all (as engineering, foundries) or a rate a penny or two above the labourer's (building). In many cases the so-called "semi-skilled" workers are women, who carry out the work at considerably less than unskilled men's rates. Nor is there any increase in the craftsman's rate and status to mark the fact that he is now a key man in a process that has become far more productive all round. The result is that, broadly speaking, technical advance often lowers rather than raises the wage rates and earnings in a given industry. It thereby narrows the market for the goods produced and helps to speed up economic crisis.

The employers argue that they are entitled to pay a lower rate for the new jobs because less specialised training and all-round experience is required (as well as less physical strength). The extra output, they argue, is nothing to do with the case, since it is the machine, not the worker, which is responsible for the increased production. They underline for the workers the point made by Marx, that the employer pays the worker not for his labour (embodied in the product), but only for his labour power, which in turn is valued according to the time required to produce labour power of that particular grade (length of training, etc.), and maintain it at a recognised standard, and not according to the productivity of the labour power.

It is surprising that no employers' association has yet argued that the factory worker today ought to be paid less than the cave man, or at any rate than men in the higher stages of savagery. For, on the employer's definition of skill, the savage is far more skilled than the worker on an automatic lathe, or even the skilled fitter and turner. The savage must be able to hunt his food—this alone involves strength and physical training, long study and experience of the habits of birds and animals, as well as ability to make his own weapons, with very simple tools, out of stone or wood. He must be a rough carpenter or mason, a metallurgist, a potter, and under certain circumstances (where magic is necessary against drought or flood) an artist, bard, or ritual dancer. Compared with this, even the skilled craftsman has a very narrow range of tasks to perform, and that with tools and material so much improved that the risk of scrapping the job is very small. True, his output is larger and the product more serviceable than that of the savage: but is not all this due to the excellent equipment and material provided by the employer and his forethought in organising the division of labour? The author recommends this line of argument to the Engineering and Allied Employers Federation in particular; it is only the logical development of their own view that a skilled wage is for a man who can do any job, given time, and not for one who does the given type of operation required with high speed and efficiency. The assumption is that the employers, because they own the means of production, are entitled to all the benefit of improvements made by mankind in the means and methods of production since organised industry began.

Undoubtedly the employers have been helped in this attitude by the absence, in the past, of a clear wages policy for each industry as a whole on the part of the trade unions—a lack which is, of course, closely related to trade union structure. Very often, even now, the wages structure in an industry is composed of a sort of mixed bag of agreements for various grades, held by different unions, and concluded and modified without much reference to technical changes, relative skill requirements, or the increased productivity of the industry as a whole.

In particular, the older unions, based on the time-served craftsmen, have often, by their rules, excluded not only the labourer, but also the "semi-skilled," or, to coin a phrase, the "new-skilled" man, whose work under new technical conditions competed with their own. When the "semi-skilled" or "new-skilled" became organised (to a much more limited degree, in general, than the skilled workers) it was, as a rule, in the general workers' unions (Transport and General Workers and General and Municipal Workers in particular).

Instead of a united campaign to establish a reasonable structure for an industry as a whole, there was a tendency for the unions to fight separately, and consequently for different rates to grow up for the same job. Even where closer working unity has now been reached between the unions, a legacy of these divisions remains.

In some cases the skilled men's unions have attempted to meet the danger of undercutting by less skilled labour by enforcing demarcation —i.e., confining certain jobs, however they are done, to members of the skilled union. In some industries this has been done fairly effectively. An instance of the way in which it works is seen in the felt-hat industry, where the newer areas, however, do not operate this restriction.

The union fights to:

> "restrict each new machine which displaces skilled labour to trade union labour at skilled rates of pay. The union's attitude is defended on the grounds that new machinery would by this time have displaced most of the skilled labour in the trade. . . . In Denton, for instance, the multi-roller team must have at least one skilled man while another operation, settling, is 'free,' that is, it may be worked by unskilled labour; at Stockport the multi-roller team is entirely free and settling is reserved for skilled labour."
>
> "The relatively late development of the industry at Luton and the freedom to employ the labour it chose has meant that girls and youths have been employed on hardening and other processes reserved for skilled labour in the north."
>
> —(*Studies in Industrial Organisation*, Chapter IV, The Hat Industry, by John G. Dony.)

But obviously this method is not likely to be fully effective, even temporarily, in a major industry where the employers are determined to invest a lot of capital in technical improvements. Nor is it likely to contribute to the fight for an all-round increase in working-class standards in the long run. Rather does it lead to endless conflicts and divisions between the unions concerned as to " whose work " a particular job should be (for instance, welding in engineering), instead of a fight to establish a skilled rate for it.

During the war, most unions agreed to waive demarcation rules for the duration and allow " dilution " by " semi-skilled " or " green " labour on all jobs for which there was a shortage of skilled men. It was laid down by agreement (and in the Restoration of Pre-War Trade Practices Act) that these were temporary wartime concessions only, and that as normal labour supply conditions returned " dilution in reverse " would operate—i.e., the skilled men would have first claim on the jobs. This process is now going on in many firms. But the unions have learned, from bitter experience after 1918, not to trust wholly to the recording of dilutees and changes in methods; and, while they have throughout enforced the dilution agreements, they have also tried to find new methods of dealing with the " semi-skilled " problem, enormously intensified as it has been in the war industries by the need to get maximum output and the lavish expenditure on retooling with machines specially designed for easily-trained labour.

The recent trend is rather towards organising the " semi-skilled " or " new-skilled " in the same union as the older craft and working out a common policy for both. Thus shipyard welders, for example, are organised in the Boilermakers Society along with the older trades of riveter and plater, and have the same time rate, and this has contributed considerably to maintaining shipbuilding wage standards in face of changing technique. In engineering, the development of the A.E.U. towards effective industrial unionism was carried much further during the war by the admission of women—one of the main bodies of semi-skilled workers—though as yet no common rate for the job has been established, and the dilution agreement is being fully enforced.

A brief close-up of the problem as it presents itself in a few industries, and the policies being pursued by the unions concerned, will show how far the movement has gone towards tackling the difficulties.

In engineering, technical developments have brought specialised and automatic precision machinery which has largely replaced the centre lathe; accuracy of machinery has reduced the " fitting " proper and meant more assembly work from standardised components. The proportion of workers recognised as fully-skilled craftsmen has declined and those designated "semi-skilled" have increased in numbers. According to the employers' figures, the proportion of skilled craftsmen had declined from 60 per cent of the labour force in 1914 to 30 per cent in 1936. The A.E.U. Executive in its memorandum on wages structure in 1945 commented:

> "It is evident, from the engineering employers' figures, that the vast productive capacity of this industry is vested in the labour power of a majority of workers who it pleased them to designate as 'semi-skilled.' It is equally obvious that, just as the invention of the Maudslay lathe in 1800 gave rise to the skill of the turner, so the introduction of the various types of modern machine tools and the progressive organisation of workshop processes and production methods has given rise to different skills. That these skills are not so varied as those of the all-round craftsmen of the past is not, in itself, a proof of their inferiority.
>
> "If it is to this major category of operators that the industry now looks for the high output of the quality engineering goods which still distinguish this country's manufacture, then we must finally break with the practice of calling them 'semi-skilled,' and we must recognise them as a standard category of workers in the industry to whom a standard rate of wages should apply."

At the same time the work of the all-round craftsman has come to demand a higher degree of technical knowledge, and is more exclusively concentrated on the skilled part of the work. The change is described by a member of the E.C. of the A.E.U.:

> "The technical revolution within the industry has equally transformed the role of the all-round craftsman. A generation ago he was the principal direct producer. Today his functions merge with those of the scientists and the technicians who are playing an increasingly important part in our industry. Nowadays the time-served craftsman has to be able to understand even more complicated drawings; he has to use even more precise measuring instruments; know more than a little of metallurgy; use his basic craftsman's training and experience in the making of highly-efficient and accurate mechanism; to use tools and equipment of a wide and varied character; to make, individually and collectively, high-powered machinery and equipment on a much higher technical plane than in the past years. In fact, he is frequently expected to do much of the work formerly left to highly-trained technicians. The demands made on craftsmen tend to go up correspondingly. Today he is becoming more and more of a key man, a technical expert, entitled to an expert's pay."
>
> —(J. R. Scott, *A.E.U. Monthly Journal,* December, 1945.)

The existing wages structure, however, takes no account of these changes. The skilled craftsman receives a rate based on the pre-1914 craftsman's rate—that is, on conditions where he was occupied only part of his time on highly-skilled tasks and where the complexity of knowledge expected of him was much less. The machinist or assembler, the typical engineering worker of today, has either no agreed district rate of wages at all (in some districts) or an agreed rate lower than that of the craftsman. In practice his rate is based on the labourer's plus a few pence lead. What is still more serious, almost all the machine and assembly jobs can be, and frequently are, done by women workers, and, where this was the case on a given operation before the Second World War, the work is treated as " work commonly performed by women in the industry " and paid for at the women's rate, which is much lower even than the male labourer's rate. Yet the modern machinist or assembler, man or woman, is a specialist, doing his particular job with such speed and accuracy that on that type of work the all-round engineer usually cannot compete.

Thus the immense technical development in the industry has resulted in a steady undermining of the existing recognised skills without establishing a standard for the new skills which are now coming to the fore.

The engineering unions put forward proposals for a new wages structure, which are now being discussed by a joint committee of the unions and the employers.

Proposals

" (a) The worker who has served an apprenticeship or its equivalent—that worker who is today generally termed 'fitter' or 'turner.' This class of worker could be termed 'engineering craftsman.'

" (b) The worker operating and setting his own machine, responsible for his work, i.e., the production worker, the mass of whom today are designated 'semi-skilled.' This class of worker could be termed 'skilled operator.'

" (c) The labourer.

" The weekly rates for the above classes should be:

" (c) £4 11s. a week (£6 1s. 4d. minimum piecework)—this being the minimum rate commensurate with a minimum standard of human needs.

" (b) £5 6s. a week (£7 1s. 4d. minimum piecework). This is the class of worker who should be the recognised 'standard' worker in the industry, and the other classes are 'plus' or 'minus' to this class or grade.

" (a) £5 18s. a week (£7 17s. 4d. minimum piecework).

" Recognising (a) as the engineering craftsmen, it would be necessary to add a further 10s. a week for setters-up, markers-out, inspectors, maintenance, toolmakers.

" It is further recognised that there will be a large number of workers who perform work not so high as that provided for in (b), but certainly much higher than that of (c). This is where the suggestions of grading could be applied, not in a detailed and extensive form, but possibly in ten or so grades."

The exact level of wages proposed (£4 11s. for labourers, £5 6s. for " standard " workers, £5 18s. for time-served craftsmen, £6 8s. for super-skilled classes, such as toolmakers) is not the most important thing; wage and price increases generally since it was adopted (in 1945) have made the actual figures out of date. The key point is the principle: establishment of a skilled wage for the basic productive worker in the industry and a " super-skilled " rate for the all-round craftsman, while the least-skilled worker is to receive something like a minimum living wage.

In principle, the engineering unions in this wage structure stand for a single rate for men and women according to the class of work. As an interim claim they put forward (in 1946) a demand for the male labourer's rate as a minimum for women—a demand, however, rejected by the employers.

The problem in building is summarised by D. Jones, Area No. 1 Building Trade Group Secretary, T. & G.W.U., in the Transport and General *Record* for March, 1946:

> " The conception of a labourer as a carrier, a shifter of muck and a bringer of bricks and mortar can no longer be accepted. Concrete, iron and cement have revolutionised his status. The use of the petrol or electric mixer, the power pump, the elevated concrete distributor, metal shuttering, metal windows, and a host of other mechanical contrivances, has transformed the hod carrier and navvy into a competent mechanic."

In this industry a very large number of the " semi-skilled " are unorganised, falling between the two stools of the craftsmen's union on the one hand, and the general workers on the other. Modern methods and materials in building, including the growth of prefabrication, are continually adding to their importance and the value of their output; but they are still classed as labourers, those who are qualified steel benders, scaffolders, concrete mixers, etc., being entitled to 1d. or 2d. above the labourer's rate when actually employed on their special work, but not otherwise. The labourer's rate has been raised from 75 to 80 per cent of the craftsmen's: but there has been no large increase in the standards of either.

This wage position has not encouraged the unions to welcome the extension of new methods of house building, which take more and more of the job away from the craftsmen and give it to lower-paid classes. An important recommendation has, however, recently been arrived at by a Conciliation Panel of the National Joint Council for the building industry in respect of the rates payable on certain types of prefabricated houses, i.e., the " Airey " and " Orlit."

Questions had arisen as to whether certain of the operations, particularly the erection of standards, roof principals, floor joists and other constructional components, should be paid at the craft rate—in other words, whether they were craft operations. On the Airey house, the cladding (i.e., the clothing of the frame of the structure in various materials to take the place of bricks and stone), as well as the operations previously referred to, were being done at labourers' rates.

The Conciliation Panel of the National Joint Council, after hearing the contention of the operatives and the patentees of the houses and contractors responsible for their erection, issued a recommendation along the following lines:

> "That the operation should be divided into two parts: (a) constructional work, and (b) the unskilled work, which would include fetching and carrying, stacking, mixing of materials, and 'holding.'"

The rates payable to constructional workers would be the full craft rate, and the rate payable to those on fetching and carrying, etc., would be the labourer's rate. This recommendation is of great importance, because for the first time in building history the distinction between the craftsman and labourer has been defined as the difference between those "fetching and carrying" and those engaged on actual constructional work. While this is still a recommendation, and relates for the time being only to what are described as prefabricated houses, the importance of this to building in the future is very great indeed.

There is a certain weakness in the reference to "holding," as this phrase may be interpreted to whittle down to the minimum the number of workers who could be classed as constructional workers. Nevertheless, taken as a whole, it is a useful step towards the solution of possible disputes around demarcation questions on the many prefabricated houses about to be erected.

Plastics is another enormously productive industry where the wages and conditions are based on semi-skilled and unskilled, rather than skilled, standards. It is divided in organisation between the unions catering for chemical workers (who deal with workers making moulding powders, etc.), and the engineering unions (who deal with workers making moulds and machining plastics); between the two is a large no man's land, partly unorganised, and rates and conditions are somewhat confused by this. The dangers to workers' standards are pointed out by F. Graham, Shop Stewards' Secretary at De La Rue's Plastics:

> "A very careful watch has to be kept on the abuse of plastics to depress workers' conditions. As a simple example, take the following: Radio cabinets made from plastic materials can be produced at a faster rate than is possible from wood in even the best woodworking shops. The rate for a plastic moulder would be around 2s. per hour, plus bonus (a high rate), as against 2s. 6d. per hour, plus bonus, paid to the woodworker."—(*Metal Worker,* May, 1946.)

Graham argues that there is a considerable amount of skill involved —chemical knowledge in the laboratory, engineering skill in mould making, specialised skill in finishing, polishing and pressing. Certainly the potential productivity is immense; and so likewise, the threat to established wage standards in engineering, woodworking, painting and other trades unless better conditions can be established in plastics. In some factories the workers have been able to obtain a graded rate for each job and type of machine according to skill and responsibility. In many others, there is no formal agreement, except for the minimum adult rate.

In the foundries, the new, more productive machine-moulding technique carries a lower rate than hand moulding. Small wonder that the difficulty of attracting young workers " has been stated by those sections in which there is a high degree of mechanised production scarcely less than by those sections which do not lend themselves to mechanisation."*

In a modern mechanised foundry a great and growing part of the labour consist of workers such as machine moulders, fettlers, crane men, slingers, sand mixers, furnace men, who are classed as semi-skilled, and; in some cases, as unskilled. The National Union of Foundry Workers in 1945 drew the conclusion that:

> "In the modern foundry agreed minimum rates only affect a contracting labour force, and the expanding labour force of semi-skilled and unskilled labour is without any agreed district or national wage rates, and this in a period of growing interdependence between all sections of labour."
>
> —(Policy Statement endorsed at Annual Delegate Meeting, June, 1945.)

This state of affairs is especially unsatisfactory in view of the Government's drive for efficiency and modernisation in the foundries, which is likely further to increase the proportion of machine moulders and other so-called "semi-skilled" grades, and thus lower wage standards as productivity increases.

The foundry unions in November, 1945, put forward (through the Confederation of Engineering and Shipbuilding Unions) a claim for a new wage structure, including all-round increases; machine moulders on the more complex forms of work to receive the foundry craftsman's (moulder's) rate; and a definite national scale to be established for other machine moulders (to receive fitter's rate) and semi-skilled classes. The employers conceded a general increase of 3s. to craftsmen and 2s. 6d. to machine moulders and dressers, but refused to establish a district rate for the semi-skilled classes or to pay machine moulders the moulders' rate. Thus the agreement raised foundry standards relative to engineering standards (a concession to the extreme labour shortage), but did not deal with the fundamental problem of the semi-skilled, as the unions very clearly saw it. "There is an impression among the workers, not altogether unfounded, that many employers are sitting back expecting the situation (of labour shortage) will correct itself by the mere process of demobilisation and labour redundancy." (N.U.F.W. memorandum on Labour Shortage, 1946.) The union's major claim is still outstanding, and pressure for it is reinforced by the amalgamation, in 1946, of the unions catering for foundry workers.

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* Report by Joint Iron Council to Minister of Supply, Cmd. 6811, 1946.

To sum up, it is clear that so long as technical change results in degrading work from skilled to semi-skilled or unskilled wages, or in a stationary wage level with a smaller number employed, the attitude of many skilled workers will be to try to safeguard their own position through demarcation, even though this divides the working class. It is equally clear that the workers cannot be expected to co-operate in improving and reorganising their industry for efficiency, and training new workers for it, on this economic basis. Only united organisation and united wage policy for all grades can make possible further technical advance.

The establishment of new wage structures guaranteeing "the rate for the job" is long overdue. The new wages must be based on the high productivity of the new industries and processes as well as on individual skill and responsibility; the *extra* skills required, over and above this, must be paid for on a super-skill basis.

Further, the *whole wage level* in industry must be continuously rising with the all-over increase in productivity, irrespective of skill. It is academic, under capitalism, to suppose that this rise can be a steady and continuous one exactly proportioned to improvements in technique (say a "productivity sliding scale"). But unquestionably most major unions are increasingly aware that their members are gaining little or nothing from increased productivity and are determined to do something drastic about it. This question is inseparable from the organisation of "semi-skilled" and "unskilled" workers, either in the same union with the skilled or in federations acting as one union in wages matters.

VIII—Payment by Results

In conditions of full employment there is bound to be increased interest in the question of payment-by-results and bonus systems.

The principal "normal" capitalist method of getting the worker to increase his output—fear of the sack—cannot be relied on in full employment conditions. Hence the complaints of the slackening of discipline and lowered productivity from managements who have never learned to manage except with the threat of starvation to help them. *The Economist* (29.6.46) writes mournfully:

> "It may be true that one reason why people will not work hard is that they can buy so little with their wages. But it is much more

> true that they will not work because the fear of the sack has vanished from the land."

One of the most important potential means of achieving an increase in output per worker in full employment conditions is undoubtedly the extension and improvement of "incentive" systems of wages—methods of wage payment under which the worker concerned directly benefits from the improvement in production. Such systems have been developed to a considerable extent in the U.S.S.R., where they form the indispensable economic basis not only for increased *effort* and regularity of work, care of machinery and so on, but also—what is even more important—the basis for developing the *initiative* of the workers in improving production methods and encouraging them to master the technique of their jobs. There is much more involved in Stakhanovism than the single question of payment by results: but it is also certain that without payment by results the Stakhanov movement could not have developed and spread so rapidly and involved, not a few "saints," but millions of ordinary working men and women. It is significant that in the new Five Year Plan law prominence is given to the extension of payment by results wherever possible.

> "The progressive piece-rate system of the payment of workers, as well as the system of bonuses for engineers and technicians for fulfilment and over-fulfilment of output programmes, shall be perfected, the proportion of bonuses to wages and salaries being systematically increased." (Five Year Plan, 1946 to 1950, Law adopted at the First Session of the Supreme Soviet U.S.S.R., 18.3.46. Published by *Soviet News*.)

We shall deal in more detail with the methods of payment-by-results and bonus payment in the U.S.S.R. at a later stage. But it is necessary at this point to make some important distinctions.

The Economist (29.6.46), for example, in the article already cited on the need for increased production, says: "Any form of payment by results works in the right direction." Simple—in fact, much too simple in capitalist conditions. It is all very well for *The Economist* to affect a naïve ignorance of the obstacles and difficulties which arise with payment by results in practice. But workers who are seriously concerned with increasing production are bound to take these into account.

Every worker knows from his own experience that systems of payment by results, whether in the form of piecework, bonus or what you will, are not introduced by the employers for the purpose of getting the maximum output from a fixed number of workers—that is, making the best use of labour which is in scarce supply—but for the purpose of reducing the labour cost of each article produced. The worker has sold to the capitalist his labour power for eight hours, say, of the day. The object of piecework systems has been to get him to work more intensively, to expend more labour per man hour and more labour per shilling that he actually receives in wages. The employer is able, through incentive systems, to get work done with an intensity which it would be difficult for even the most severe supervision to enforce. While emphasising that piece wages are nothing but a modified form of time wages, Marx describes the piecework system as " the form of wages most suited to the capitalist method of production." (*Capital,* vol. I, ch. 19.)

The argument is sometimes used by employers that under straight piecework (as distinct from bonus systems of certain types) " the whole saving " from intensified work passes to the worker and consequently the worker has " 100 per cent incentive " to work harder, while the employer has no incentive to improve his methods and help the worker to produce more since he gets no saving in labour cost per piece. This is, of course, a superficial view and fallacious. If the employer makes a profit of 1d. per article produced on " normal " output he makes an extra 1d. for each article above normal output.

But the higher the worker's output, the higher the employer's profit *rate*. Even the most decrepit industry has some overhead charges, which are reduced per unit if they are spread over a larger volume of production (if the machinery has been written off long ago, there are still lighting, heating, sales expenses, managerial salaries to be considered). Furthermore, when it comes to cutting piecework prices to meet slump conditions, the cuts can be more drastic the more the worker is producing: a bare subsistence wage can be achieved at a lower labour cost per article, the larger the output per worker.

A variety of systems of bonus other than straight piecework have also been developed. Whether the value of the job is calculated in *time* or *money* is really immaterial. The main point about the Halsey and Rowan premium-hours systems is that they set a standard time for the job and pay the worker only for *part* of the time he saves by comparison with the standard. It is argued that these systems minimise the risks to the employer of inaccurate rate fixing, since an error as to the probable yield of a job, is, say, halved in the actual money payment made.

Devices like the Rowan system, which gives a *decreasing* bonus for each unit of output above a given standard, also give a diminishing incentive to the exceptionally fast worker (it is impossible to earn double time unless the work is done in no time at all) and discourage the workers in general from pushing up the normal level of output. They make it abundantly clear that low labour cost rather than maximum output is the object of the system.

Rate Cutting

Since the aim of the employer is not output, but output for less wages, a piecework rate once established is liable to be cut at the first opportunity. The piecework system encourages the worker to work "flat out" and thereby provides the employer with a standard of the output which is humanly possible on the particular job and in the given conditions. Having paid a wage somewhat above the time rate to get this "model" output in the first place, he will then—if he gets the chance—try to get the same output for the equivalent of the minimum rate. In short, as long as there have been rate fixers there have been rate cutters.

Most of the standard text books on time study and rate fixing are careful to include elaborate verbal warnings of the dire effects of rate cutting on the effectiveness of incentive systems. Thus Lowry, Maynard and Stegemerten in *Time and Motion Study* (McGraw Hill, 1940) write:

> "Far better that the management stand the expense of a few time values wrongly made too liberal than that the workman lose faith in the fairness of the incentive system and get the feeling that he must restrict his output to a certain amount if he is not to have the rate reduced. The practice of cutting rates, unfortunately, was quite general in the early days of setting piece rates by guesswork, and there is a feeling in the mind of the workman that he will be allowed to make only a certain amount of money. Only by guaranteeing that a time value, once established, is permanent unless methods, tools, or design of the part is changed may the management expect to secure from the worker his hearty co-operation and best effort."

So, too, Mr. C. H. Northcott, Labour Manager of Rowntree & Co.:

> "Foremost among the weak points in the system must be put the cutting of piece rates. By this is usually implied the arbitrary raising of the amount of output required for a standard sum of money, primarily because the workers have shown that they can give a greater output than the figure originally fixed. . . . The fear of rate cutting is one of the most effective deterrents of energetic activity and of co-operation between workers and management."
>
> —(*Wages*, by C. H. Northcott, Institute of Labour Management, 1944.)

Nevertheless, rate cutting goes on wherever the workers are not sufficiently highly organised to prevent it. More work for less money being the whole object of the system, the employer will usually take *as much more* for *as much less* as he can get. Faced with competitive prices or narrowing profit margins, he will follow the old (reputedly Yorkshire) maxim: "When in doubt, do what feyther did: cut t'miners' wages."

Where output as such is the main aim—as was the case to some extent, exceptionally, during the war—employers have been advised to go easier on rate cutting and allow high piecework earnings to continue. Speaking in the House of Commons on July 29, 1941, Mr. Ernest Bevin, then Minister of Labour and National Service, said:

> "It was said in a previous debate that I had caused some uneasiness by the statement, which I had made publicly, that I did not mind what was earned on payment by results, so long as it represented production. We were asked whether or not that represented Government policy. My answer is: 'Yes, emphatically.' When a rate is fixed through the procedure existing in industry and the people increase their output, it is not our concern, from that point, what they earn. The more the people increase their earnings, the lower they make the cost of production . . . and there is greater production for the war effort."

The result of high piecework earnings has not been (as employers usually claim it would be in normal times) that workers " slack off " after reaching a fixed wage which they regard as adequate, but, on the contrary, an unusual effort by the workers. A return to pre-war methods has actually had disastrous effects on production.

A notable example occurred in the London docks. During the peak war period dockers were working under a straight-tonnage piecework system (the " Western Front agreement ") which allowed the fast worker to make 35s. or £2 a day—for exceptionally fast and heavy work. Prodigies were performed in the rapid turn around of ships. With the return of peace, the employers insisted on a return to the pre-war piece price-lists, where about 500 items were separately listed, and wages worked out much lower. The result has been a considerable slowing down of the work. Parallel experiences could be quoted from many engineering factories.

The result of all this has been to develop, on the workers' side, extreme wariness in relation to payment-by-results systems of all kinds, both before and after their introduction. At the same time, the unions are increasingly aware that the whole question now has to be discussed in a new setting: that success on the production front will be decisive for the Labour Government and for combating crisis: and that payment by results has, in most industries, a very close relation to increased production. Hence a great deal of re-examination of policies and methods is going on.

Complete opposition to payment by results was for a long time the attitude of many of the craft unions, especially in industries where (a) the measurement of the work done by an individual within a large group was difficult, or (b) the work was extremely varied, and hence a separate bargain would be needed in relation to each individual job.

The first argument had special force in relation to building and constructional work, as well as some sections of the shipbuilding industry. Where measurement of the work done by the individual was a difficult matter, employers tried to get the " benefits " of piecework (in the form of increased intensity of labour) by paying a bonus or piecework to one man (who became a sub-contractor for labour or " butty ") or to a handful of " pacemakers "; this was naturally strongly resisted by the unions.

The second argument was used in particular in the engineering trades, where the unions held that piecework almost necessarily involved a return from collective to individual bargaining in their industry, in view of the variety and complexity of products and methods of work required of the skilled mechanic.

In 1898, however, the engineers under the " Conditions of Settlement " were forced to recognise piecework as such and have since concentrated on other means of defence against its misuse. A comparatively high degree of trade union organisation already existed in the engineering industry when piecework was forced upon it. The form of resistance to exploitation which developed here was the development of workshop bargaining and shop-steward organisation.

At the time when the Webbs published *Industrial Democracy* (2nd Edn., 1902) they listed 38 trade unions with 290,000 members which insisted on timework methods of payment. This number has been greatly depleted by the going-over of a large part of the engineering and iron-founding industries to piecework or payment by results. Certain other unions, too (Bakers and Dyers), which are cited by the Webbs as insisting on timework, now permit piecework.

The cabinet makers and furnishing workers, whose rules barred payment by results in most districts and for most types of work before the war, in 1946 concluded an agreement providing for agreed payment-by-results schemes to be worked, and laying down the minimum percentage for piecework earnings.

In the mines, a pieceworking industry, the National Union of Mineworkers at its 1946 conference carried a resolution which asked the Executive Council to examine proposals for a new wages structure, including the possibility of replacing piecework by day work (on the motion of two areas, Durham and Northumberland). The newest technical developments in coalmining, the power loader and cutter loader, may be, in fact, more suited to a high day wage, with a bonus for completing the cycle of operations, than to piecework (apart entirely from the safety considerations in favour of day work) and this is the system at present used with these machines. But over the whole field of mining operations, with the difficulty of supervision and the tradition in the industry, it appears very doubtful whether output would be maintained under day-work conditions, and it is not being pressed as a matter of immediate policy.

The strong hostility to payment by results in the building industry is based to a great extent on the past experiences of so-called piecework in the industry. For example, Alderman H. R. Taylor, L.C.C.

Secretary of the Operative Bricklayers Society, describes the position after 1880 in *Workers on Their Industries,* ed. Galton (written 1894):

> "As time passed and the building trades developed, the piecework system began to be introduced, first on small house building known as 'jerry building' or 'field ranging,' then to larger works, such as railways, docks, etc., and by degrees it was gradually extended into other firms who had previously been in the habit of having their work done by the day. The passing into law of the Employers Liability Act of 1880 gave a great impetus to this system, because employers were enabled to evade their responsibilities under the Act by sub-letting their work." Sub-contractors were usually "men of straw," who failed to pay compensation to injured workers.
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> "Piecework in the bricklaying trade always means sub-contracting. The contract for labour only is given to any ordinary workman at piece prices, and he engages others at hourly wages to work under him. This invariably leads to sweating, and provides an obvious reason for the men's objection to the system."

The Webbs in *Industrial Democracy* (pp. 297-298) make a similar estimate:

> "If we watch the line of bricklayers or stonemasons working side by side at building a wall, or putting up the carcase of a house, we shall see that it would be impossible precisely to reckon up the work accomplished by any individual among them. Nor has this ever been attempted by the most exacting employer. 'Piecework,' in putting up walls or houses, has, indeed, been the subject of long and bitter controversy among the bricklayers. But piecework in this trade has always meant, not the payment of each individual workman by the piece, but the letting out of a sub-contract for the whole job to a 'piecemaster,' who gets it done by bricklayers *at time wages.* This system of sub-contract, mistermed 'piecework' to the confusion of outsiders, is objected to for the same reason as the coalminers allege against the 'Butty System.' The working sub-contractor forces the pace in order to gain the advantage, not of his own extra exertion alone, but also that of his gang. It is, in fact, a fraudulent attempt to obtain piece-work exertion whilst paying only time wages." (*Industrial Democracy,* by Sidney and Beatrice Webb. Longmans, 1902, p. 298.)

"Unofficial" piecework systems of this kind, worked by unorganised labour, have never been entirely banished in practice from the industry, despite the strong stand of the organised workers against them. The speculative builders, who put up so many jerry-built housing estates between the wars, used unorganised—and largely untrained—labour and got the houses rushed up by so-called "bonus" systems, which in practice meant bonus for one or two workers who acted as pacemakers for the rest.

The building unions, however, have remained opposed to payment by results. They accepted it under compulsion on E.W.O. jobs during the war, but have, at the time of writing, concluded no agreement for the post-war operation of payment-by-results systems on normal building. Where the same unions have membership both in the building and engineering industry (e.g., E.T.U., A.S.W. and other building unions) they are permitted to work payment-by-results systems in engineering shops, but not on building jobs. In December, 1945, on the occasion of an agreement which raised the plain-time rate for craftsmen by 4d. an hour, the N.F.B.T.O. agreed to examine with the employers the possibility of devising a workable system of payment by results which would reduce building costs. So far, however, no further development has been announced. In shipbuilding, the finishing trades accepted payment by results only on a wartime basis. The Electrical Trades Union at its 1947 conference, however, agreed in principle to the continuation of payment by results.

The issue of production bonus has come up in a very practical form on the housing programme. While local authority building jobs operate the agreed time-rate as a maximum, private builders on unessential (or even black market) work are making all kinds of extra payments—fare payments, straight increases above the rate, or forms of production bonus—to attract labour from priority work.*

In this situation some of the building unions are considering very seriously means of working an agreed production bonus, on local authority jobs only.

If the unions now, in the majority of cases, accept payment by results under recognised conditions, this is not solely, though largely, because they have been compelled to do so by the employers, who relied on the development of mass-production and standardised output and the growth of semi-skilled labour.

It is also recognised that, in modern industrial conditions, speeding up and intensification of work can take place on time rates to a considerable extent without the worker receiving any benefit. Where the rate of output is determined for the worker by the speed of the machine (as in assembly on a conveyor belt, or in the highly-mechanised continuous processes of a modern food factory or in road or rail transport) the speed of the machine can be increased, and with it the attention and concentration demanded of the individual worker, without any addition to time rates, and he may be worse off than a well-organised worker on payment by results. An American authority on wage-systems writes:

"It was remarked above that employers often favour payment by

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* In October, 1946, one of the largest contractors in London, on an L.C.C. housing job in Bethnal Green, paid an extra 10/- a week by way of bonus for excellent production to their workers (who had organised a model joint production committee on the site). They were immediately told by the employers' federation to withdraw it: they did so and a stoppage of work resulted. When the firm began paying the bare rate once again, the labour force began to drift off the job.

> results, on the grounds that it reduces overhead cost per unit by speeding up production, and simplifies many problems of supervision. Why, then, does Mr. Ford, whose overhead is tremendous, use only straight time rates? It may be partly due to prejudice or personal idiosyncrasy (for some other large motor manufacturers still make extensive use of piecework and production bonuses); but part of the answer is to be found in the strict supervision—driving, perhaps, in some cases—and 'production control' which have been developed in recent times by industries of the Ford type. The time worker who loafs on the job is soon revealed and dispensed with. The famous lines of automatic conveyors, and similar flow-organisations, with which each human cog must keep pace willy-nilly, do not occupy by any means all the Ford men; but much of the other work in such establishments also is repetitive, at least in large cycles, and prompt schedules everywhere are maintained by the planning system (partly in order to keep down those expensive items, 'inventory of work in process' and floor space). The engineers who wrote *Waste in Industry* were evidently much impressed by these phenomena; and they remarked that production control will sometimes promote efficiency better than piecework and bonuses." (*Compensating Industrial Effort*, by Z. Clark Dickinson. Macdonald & Evans, 1937, p. 80.)

The Webbs noted in *Industrial Democracy* that the cotton operatives were as firmly wedded to the idea of payment by results (which they regarded as a defence against imperceptible speeding up of the machinery) as the building and engineering craftsmen were hostile to it. The technical conditions of an industry at a given moment; the extent to which the time worker can really set his own pace; the danger of accident from speeding up the work; the degree of unemployment in the trade; and finally the history, customs and agreements in the particular industry—all play their part in determining the union's approach to the payment by results question.

The overriding fact that the unions under the Labour Government accept responsibility for increasing production (which is in itself a reflection of their increased sense of power and self-confidence) is leading, on the whole, to a readiness to extend payment by results, provided that suitable safeguards can be evolved to ensure that the worker gets a considerable increase in earnings from higher output. The character of these safeguards varies from one pieceworking industry to another.

Standardised Piecework Prices

Perhaps because most of the writers on wage incentives, time and motion study, and so on, have been associated with the newer mechanised mass-production industries—specifically with engineering and chemicals—it is not always realised how widespread still is the practice in British trade unionism of negotiating uniform price lists for the whole country, or for a whole district, as a safeguard against cutting of piecework prices.

In the cotton industry, piece price lists were originally imposed by the individual mill owners. Gradually these were consolidated into definite agreements between the union and the employer, and as organisation grew one chosen list began to be applied over a wider sphere. In the immediate pre-war period (1913), the period of greatest prosperity and stability in the cotton trade, a high degree of uniformity had been reached in the form of two principal lists for spinning (Oldham list for coarse counts and Bolton list for fine counts); on the weaving side there was one main uniform list for plain cloth, and for coloured cloth three or four main local lists closely modelled on the uniform list; there were universal lists for other processes. "By 1913 collective bargaining had completely superseded the individual employer's bargain." (J. F. Rowe, *Wages in Practice and Theory*.)

In the period of depression between the two wars there was no departure by the unions from the principle of uniform lists, but in practice there was a great deal of undercutting. In 1935 it was decided to meet this desperate state of affairs by legalising the main agreed piece price lists covering the weavers, in order to give some protection to their wages. This is one of the very few industries—retail bespoke tailoring is another—where piecework price lists, as distinct from time rates, are legally binding.

The cotton-weaving and spinning lists not only specify in great detail the prices for different types and specifications of yarn and cloth, but also for variations in length of mules, speeds, and number of looms worked, and for ancillary jobs, so that within the limits of the stage of technique their adjustment to a given case is a matter of interpretation (though admittedly very skilled and elaborate interpretation) of existing agreements.

Another main industry where piecework price lists for certain operations are normally established over a wide area is shipbuilding. For riveting, for example, there are two principal lists for merchant work (Clyde list and Tyne and Wear list); platers' lists show more variation from yard to yard.

In the boot and shoe industry, piecework prices are standardised for each district (apart from Northampton) by Conciliation Board agreement. Unlike cotton and shipbuilding, there is a definite instruction to the Boards that any new price fixed should yield at least 37½ per cent above time rates, which are laid down by national agreement.

Other industries in which standardised piece rates exist include:

Iron and steel smelting (with variations for size and type of furnace).

Steel-sheet rolling.
Chain making.
Tin plate.
Wire making (district lists).
Cutlery.
File and edge-tool manufacture.
Some types of sheet-metal and foundry work.
Minor metal trades.
Coopering (district lists).
Wagon repair.
Retail bespoke tailoring.
Hosiery (certain sections).
Lace (skilled workers).
Carpet weaving (district lists).

Engineering, on the other hand, was originally a time-working industry (in which the craftsmen were comparatively well organised), and pieceworking began to be introduced on a wide scale only after 1875, when time rates were already well established in each district. Piecework was at first resisted by the craftsmen, but in 1898 the "Terms of Settlement" after the lock-out gave the employers discretion to work piecework. In 1907 an agreement was reached guaranteeing pieceworkers the minimum time rate, piecework prices to be fixed by mutual agreement between the worker and the employer. In 1919, for the first time, it was agreed that piecework prices should be such as to yield a minimum percentage above the basic rates (at that time 33⅓ per cent). Thus almost from the beginning piecework was related to a time rate, and the uniformity between wages in different firms depended on this. There was never anything like a uniform list, partly because of the great variety of products and methods and the rapid pace of technical change, partly also, no doubt, because the craftsmen, then the backbone of trade unionism in the industry, were traditionally time workers and accepted piecework unwillingly, and, as it were, exceptionally.

In coalmining, as in cotton, the piecework price lists were the basis around which the early struggles of the unions mainly took place. At first lists for each colliery and seam were simply posted by the management at the pit—if, indeed, they were published at all. Towards the end of the nineteenth century the unions were strong enough to get the lists fixed by collective bargaining, and to enforce the principle that a change in the list should only be made because of a change in physical conditions underground. Because of the wide variations in physical conditions at different pits, no attempt was made to fix uniform lists, though the co-ordination of negotiations through the union in each district began to promote some uniformity in earnings, and especially in the "make-up rates" to colliers working in abnormally difficult places. The Minimum Wage Act of 1912 carried the process of unification a stage further by establishing a common minimum rate within each district. But the price lists were never (except in Durham and Northumberland) brought into an exact arithmetical relation to the district minimum wage, and earnings continued to vary widely from pit to pit even within a district. After 1921, the system of percentage additions to the price list, based on the profits of each district, led to increasing variations between the different coalfields.

Today the degree of variation in piecework earnings between the coalfields is very large indeed, and considerable differences exist between one pit and another even in the same coalfield. The wage cost per ton is also a widely varying factor. The unions have attempted to co-ordinate earnings and revise the price lists with the aim of levelling up earnings, but a long period of acute price cutting at the expense of the weaker pits has left a legacy of widely differing rates and earnings, even in neighbouring pits working the same seams.

In the modern industries which work on systems of piecework or payment by results, such systems are usually related to the time rate and required to yield a minimum percentage on it. There are no area or district piece rates, much less national ones. The piece rate or bonus is usually negotiated (or imposed) in the particular workshop, and is often related to some form of time study for the particular job. In marked contrast to the piecework lists going back to the 1880s or earlier, which are quite common in the older industries (one cutlery list goes back to 1820) the price is negotiated afresh each time a new job is to be done or a change is introduced into the method of working; and rate fixing becomes a matter for a whole department of specialists (although opinions differ as to the degree of scientific method practised by these departments). On the organised workers' side the need for continuous bargaining at the workshop level gives a special slant and initiative to the work of shop stewards. This method of wage payment is both a result and a cause of more rapid technical change, since it favours a more rapid reduction in unit labour costs than do the standardised lists.

Apart from engineering, in other industries of this type—e.g, chemicals, rayon, plastics—the organisers are mainly the general workers' unions. National agreements are limited, as a rule, to the establishment of a minimum rate for the least skilled grade of work. Agreements for rates above this are negotiated factory by factory. In some cases—e.g., De La Rue Plastics—a definite scale of time rates for each process has been established, related to the skill and ability of the worker. In others, piecework prices stand by themselves; earnings well above the rate may in practice be obtainable on the more skilled jobs, but these are not always underpinned by higher time rates. The same is very largely true of the so-called "semi-skilled" jobs in engineering.

Some Criticisms of Standard Lists

The area and district piecework lists were, as a rule, the result of prolonged union pressure to safeguard wages and increase solidarity among the workers. They were a brake on the imperceptible " cheapening " of a job and the gradual speeding up of a particular process. Their adjustment to technical change, however, was, and is, a difficult matter, and in some cases (as in certain branches of sheet-metal work) the fixed list is tending to be superseded as machine processes have taken the place of the skilled hand worker. Not only major changes in production methods, but comparatively minor alterations in design may cause disproportionate difficulties.

An example comes to mind from the shipbuilding industry. Here the advent of the pneumatic riveting machine (which enabled one riveter in the squad of four men to be eliminated) was digested fairly simply into the price list by uniform reductions of prices by 15 to 25 per cent. But the same cannot as yet be said of the newer welding process. Not only is welding itself in a state of rapid development, which is continually upsetting the existing list prices for welders. Complications arise also because, with fewer rivets in a ship or section (a number having been replaced by welding), the old riveters' piecework lists fail to yield adequate piecework earnings. Accordingly allowances for " loss of rivets " have been paid during the war—as a temporary measure. But the absence of any agreed piecework or time-work percentage means that in any given yard the negotiation of such allowances is a chancy business, and the arrangement is obviously a temporary one in any case. The negotiation of more up-to-date lists is bound to face the industry over the next period.

There is a tendency in some cases for rigidly standardised piece rates to form an effective barrier to technical change. This criticism has been levelled, for example, at the " Bolton list " in cotton spinning, which (unlike the Oldham list) makes no allowance for the increased speed of more modern machinery.

The Evershed Report on Wages in Cotton Spinning, while considering that *one* uniform list should supplant the six mule-spinning lists now in operation in different Lancashire towns, stresses (paras. 24 and 25) the need for more flexibility in working out piece rates for new machines and methods:

> " We have also in mind the uncertain effects upon the industry which may flow not only from new methods of manufacture, but also from inventions not now contemplated or from changes which market circumstances may require in the products of the industry, including under this head changes brought about by increased production of

Donated by

> synthetic fibres. The time 'base rates' can, and should, indeed, be 'universal': the general rules or principles for ascertaining piece rates should likewise be constant and uniform. The desired flexibility can and must be found in the working out of piece rates applicable to given cases.
>
> "At the same time it is desirable that the flexibility which we wish to give should not result in practice in fresh anomalies and new and conflicting local rules. Though we would allow considerable latitude for the settlement of special piece rates (within the framework of the general principles we recommend) to meet exceptional conditions, and, in particular, to satisfy the effects of new methods and types of production, as and when they arise, we desire also that such new methods of production, when they become more general, should naturally and readily give rise to conformity of practice in the settlement of piece rates: and to this end we recommend that the details of all proposed special piece rates should forthwith be communicated for confirmation to their respective central organisations by or on behalf of the employers and operatives concerned."

The Commission proposed a standard minimum time rate, normal piecework earnings to be not less than 20 per cent above this. Such a time rate would help to give a basis for rate fixing without returning to anarchic cut-throat competition between mills.

The conflict over wages between the rayon and cotton employers brings out some of the points very clearly. Rayon is spun by the rayon-producing firms (Courtaulds, Celanese, etc.), but woven partly in their own factories and partly in cotton-weaving sheds (the rayon yarn also being mixed with cotton in many types of cloth).

The Rayon Weavers Association in their own factories have broken away from the uniform list, and work on a system of individual bonus for work above a minimum task, based on time study. They ask that a similar system should be applied for rayon throughout the industry. This, they argue, would give the employer using modern methods the full advantages of his improved efficiency. For example, under the uniform list there is only a very small reduction in piecework prices where the loom is fitted with an electrical device which automatically stops it when a thread breaks; the rayon employers contend that it is impossible to make the new and more expensive looms pay on this basis. They claim rayon yarn, too, is more even and less subject to breakage. They also argue that with such modern looms piecework earnings are so high above the traditional standard that no incentive remains ("so high" meaning about £5 10s. to £6 a week for a highly-skilled worker).

The cotton employers resist this proposal on the grounds of the "wide diversity of conditions" in the cotton industry; the general acceptance of the legalised uniform lists, their success in preventing price cutting, and the danger that individual mill assessments would result in renewed price war and would make minimum wages impossible to assess (though why this should be so if time rates and minimum piecework percentages are fixed they do not explain). The argument that technical efficiency and re-equipment is retarded by the standard lists they do not attempt to answer.

From the operatives' point of view, the controversy brings out the snags on either side; on the one hand the placid acceptance of technical obsolescence and decay by cotton employers; on the other the drive of the rayon firms to increase output while keeping the workers' wages at the traditional low standard.

There is, however, a good deal of evidence that the straight uniform piecework list, without guaranteed time rates, has enabled the small and hopelessly out-of-date cotton employer to carry on at a profit (even underselling the modern mills in some cases), the whole burden of old, inefficient machinery and poor raw material being carried by his workers in the shape of lower earnings. Guaranteed time wages make this more difficult, the nearer they are to average weekly earnings.

In wagon repair, which until 1945 was organised by a small craft union, with one national piecework price list, the Amalgamated Engineering Union (which absorbed the union concerned) has been endeavouring to get the wages reorganised on the basis of a time rate with minimum piecework additions. The union argued that the uniform national list paid no regard to the widely-differing conditions of work in modern and backward shops, and bore very hardly on the men working in the worst and most primitive conditions without up-to-date equipment, and that it put no pressure whatever on the employers to instal improvements, since the whole burden of technical backwardness fell on the workers.

Guarantee of Minimum Time Rate (" fall-back wage ")

A number of trade union agreements, as we have seen, guarantee the pieceworker his time rate, irrespective of the actual earnings on piecework or payment-by-results systems. This gives some guarantee that faulty material, hold-ups due to mechanical breakdowns, and so on, will not deprive the worker of a minimum of subsistence. It also sets a limit to the extent to which the employer can make the fastest worker's output the standard for others. If the slowest man cannot receive less than his time rate, piecework rates (or bonus times) will have to be set so that all others get more.

Such guarantees are embodied in the following agreements among others:

Engineering, ironfounding, brassfounding, etc.
Coal mining.
Railwaymen (including shop men).

Imperial Chemical Industries.
Furniture manufacture.

An interesting variation is found in the recent agreement for the cotton-weaving industry, where, until the war, there was no minimum time rate or " fall-back wage " of any kind (except for six-loom weavers), and " under-employment " (reducing the number of looms worked by each weaver) was common. When the industry came under the E.W.O. an agreed fall-back wage, based on the average earnings of the particular weaver, was introduced. In April, 1946, a new agreement to replace this was arrived at, guaranteeing the worker 80 per cent of earnings for looms stopped due to shortage of work or breakdown, but including the following provision (which had already operated under the E.W.O.):

> " The parties to this agreement, with the object of retaining the productive incentive of the piecework system, agree that the guaranteed wage principle shall only operate in respect of under-employment or unemployment of work people."

In boot and shoe manufacture the workers are guaranteed their minimum time rate for the hours worked, if they have not been supplied with a full quantity of work or given reasonable facilities to perform it. The principle here is the same as in cotton weaving: that is, there is no unconditional guaranteed minimum to the slowest worker.

Allowances

Special arrangements are sometimes made to compensate the worker for difficulties outside his control which may interfere with his piecework earnings. In some mining districts, the collier working in a difficult place is entitled to claim special allowances, instead of going on the minimum wage.

Minimum Piecework Percentages

In trades where there is no standard list of piecework prices (i.e., where piecework and bonus are negotiated in the individual factory), the unions have generally insisted that piecework prices should be so fixed as to allow a worker of average ability to earn a substantial amount above the time rate for the job. Agreements have, therefore, been drawn up laying down a minimum percentage by which normal piecework earnings should exceed the time rate.

This arrangement has certain technical advantages over the fixed piecework price list. It gives a standard by which piecework prices can be adjusted to allow for technical change, and thereby makes such changes easier to introduce. It is applicable to industries where the products are diverse and rapidly changing. And since it throws on the inefficient employer the onus of providing a minimum wage comparable with that of the more efficient, it gives some incentive to technical improvement.

From the worker's point of view, it has the advantage that it is a *minimum* agreement: he is entitled to get better prices by strong organisation if he can. On the other hand, it does not contain any automatic safeguards against intensification of the work done for a given hourly wage.

The original agreements on this point usually laid down a minimum percentage of 25 to 33 per cent above time rates: a smaller differential, it was felt, did not compensate the workers for the increased strain and effort.

Today, however, the difference is very narrow in many industries. In engineering, for example, the minimum piecework percentage—reduced from 33⅓ to 25 per cent in 1931 and increased in 1944 only to 27½ per cent—is calculated only on the basic rates, and not on the " national bonus " of 17s. 6d., representing a large part of the additions since 1914. The result is that the effective difference between the pieceworker's minimum earnings and the time worker's (including time-worker's lieu bonus) is now only 12 per cent. During the war piecework earnings have commonly been higher than this minimum, but employers are now trying to reduce the level of piecework prices in many factories as they switch over to peace-time work.

In clothing the piecework basis time rates (i.e., the rates which a worker of average ability on piecework should be able to earn) are for most grades 1d. and for higher grades 1½d. an hour above the minimum hourly rate. The difference between time and piecework rates is under 9 per cent for machinists, and only 4½ per cent for the most skilled grades, such as cutters. Moreover, in normal times the actual earnings on piecework in clothing (and in other wages council trades where similar wage structures exist) tend to work out pretty close to the piecework basis time rate.

In coalmining, where a series of flat-rate increases not affected by payment by results had been given during the war, an acute situation arose early in 1944, because the pieceworker was able to earn very little above the minimum day wage. (This was a similar position to that which had arisen in engineering a little earlier, but more acute because the general level of piecework prices in mining had not been affected by any upward movement during the war.) The situation was solved by a somewhat complicated formula, the effect of which was to increase the proportion of the weekly wage which varies according to the output, and reduce the purely flat-rate proportion (i.e., part of the flat rate already given was converted into a percentage addition to piecework earnings). Before this solution was arrived at widespread strikes had taken place, owing to the refusal of the mineowners and the Reference Tribunal to concede an advance for the pieceworkers.

New agreements usually continue to stipulate 25 per cent or some similar percentage on time work as the piecework basis. Thus the new furnishing agreement stipulates 25 per cent on the time wage (or 15 per cent for collective bonus); the boot and shoe agreement 25 per cent on the time wage; the new Evershed recommendation for cotton spinning, 20 per cent on the time wage. Engineering unions, clothing and some other industries are now endeavouring to restore an adequate percentage for their pieceworkers, which will increase incentive to the worker and prevent the employer reaping so large a proportion of the benefit from intensified work.

Minimum Piecework Percentages (January, 1946)

(All differentials expressed as per cent of adult time rate)

Boot and shoe	37½
Home-grown timber	25
Ophthalmic optical (mass production)	15
Engineering—per cent on pieceworker's time rate	22*
„ per cent on time-work rate	11½
Heavy chemical	27½
Fine chemical	25
Furniture—individual piecework	25
„ collective bonus	15
†Tailoring—machinists	8
„ cutters	4
†Sugar confectionery and food preserving	
Men	14
Women	12
†Tobacco	15
Stamped or pressed metal (minimum)	14
†Rubber manufacturing	25
†Boot and floor polish:	
Men	16
Women	13
Mining	No fixed piecework percentage
Shipbuilding	No fixed piecework percentage
Cotton spinning	No time rate
Hosiery	No fixed percentage
Building (E.W.O. arrangement)	No fixed percentage
Pottery	No fixed percentage‡

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* On piece worker's basic rate and national bonus.

† Percentage by which piecework basis time rate exceeds plain time rate.

‡ In November, 1946, a new wage structure was introduced, providing that piece rates should be so fixed as to yield to an ordinary worker at least 20 per cent above the basic hourly rate, excluding cost of living allowance.

Industries where there is no specified relation between minimum piecework earnings and time rates include:

Shipbuilding.
Mining.
Cotton.
Hosiery.

And most industries working on a national or area price list.

Rate Cutting—Guarantees

Certain agreements contain specific guarantees that rates will not be cut, except in certain agreed circumstances. In engineering, the agreement of June 22, 1931, lays down that:

> " No piecework prices, bonus or basis time, once established, may be altered except for the following reasons:
> (1) A mistake in the calculation on either side; or
> (2) The material, means or method of production or the quantities are changed; or
> (3) A mutual arrangement has been come to between the employer and the worker in the same way as a new price is arranged.
> (4) An increase or decrease in the basic rate."

In railway shops the agreement provides that

> " no piecework price which complies with the above provisions [i.e., which yields to the worker not less than 33⅓ per cent on the basic rate, excluding bonus] shall be altered unless the material, means or method of production is changed."

The furniture manufacturing agreement (1946) is less specific.

> " Times fixed shall be arranged between the employers and the workers affected, or the shop representatives of these workers, or in some other way mutually satisfactory: and no variation of times shall be made except in the same way."

The Ophthalmic Optical Industry J.I.C. agreement provides for at least seven days' notice by the party seeking an alteration in the price list.

The weakness in such agreements is brought out by a trade union expert:

> " With honesty of purpose on both sides, this agreement is all that is required, but, just as there are some men who have found out how to secure easy times, so there are some employers who have interpreted clause (2) of this agreement in a very strange manner. Parts on which high bonuses have been earned have been withdrawn from production, and re-issued with some minor modification which has not reduced the amount of work to be performed, but has enabled the ' modified ' product to be classed as new work, and retimed."
>
> —(*Payment by Results in British Engineering,* by W. McLaine, Ph.D., B.Sc.(Econ.), International Labour Office.)

Where the piecework agreement takes the form of a uniform fixed list of piecework prices, it can, as a rule, only be varied (a) as part of a general variation in all wages or (b) by a specific agreement negotiated between the union and the employers on a national or district basis. In the cotton-weaving industry, for example, where the uniform list itself is legally enforceable, variations and interpretations are made by a central Joint Price-fixing Committee set up under the negotiating machinery; the automatic variations provided for in the agreements themselves take care of the prices for minor technical changes.

There remain, however, a very large number of industries and factories where the piece rates are not formally guaranteed at all against cutting, and no general standard list exists. These include many modern factories which purport to base their payment-by-results systems on "scientific" time-and-motion study, as well as less-mechanised industries like garment making, pottery and most trade-board trades. It is a significant gap in Wages Council legislation, in view of the liability of underpaid and under-organised workers to exploitation through the piecework system, that no provisions in relation to rate cutting have been incorporated in the orders. In practice, this kind of guarantee depends for its enforcement almost entirely on the strength of the union in the particular workshop concerned.

Problems of the Factory Basis

In some modern discussions of payment by results there is a tendency to regard all uniform standardised piece-rate lists as completely out of date, needing to be replaced without delay by systems based on rate fixing for each job at the factory level.

This claim needs very careful examination. The difficulties which always attend a drastic departure from custom and tradition in wages matters could, though formidable, be overcome; and in some cases they may have to be overcome if the industry is to progress technically. On the other hand, the fixing of rates in the particular factory brings its own problems for the unions, and, even in the best-organised industries, these have not been fully mastered.

The method is apt to result in a very wide variation of earnings and wage standards from one factory to another—a vulnerable position if any attack is made on wages. Trade unionists in the best-organised engineering factories may, and often do, succeed in establishing piecework prices yielding well above the agreed minimum percentage: often an informal but clearly-understood agreement exists that a higher percentage, 50 or 75 per cent above the rate, should determine piecework prices; this, in its turn, will influence the time-work rates; and eventually a comparatively good position is established. Meanwhile, workers in another firm may be carrying out similar work at a much lower effective wage rate. These differences may not come to the fore in periods of full employment, but a slackening of orders would bring out the underlying weakness of the position.

The solution to this problem is being sought in (1) the exchange of information on piecework prices and bonus times among the stewards in a district (which might include the registration of such particulars with the district office of the union); (2) pressing for increases in the standard rate and the pieceworker's minimum percentage to somewhere nearer the level prevailing in practice in the best-organised shops—a process of "levelling up" to forestall any possible attempts at levelling down; (3) the establishment of a definite time rate for each class of machine, to which piecework prices can be related. With these measures effectively taken, the lack of uniformity need not be a serious weakness: it may, indeed, favour a continual upward pressure on rates through the "soldiers' war" of tactics that goes on in each workshop and prepares the way for the large strategic advances.

"Scientific" Wage Systems

Most modern agreements provide that piecework prices and bonus times (and, in general, the bonus schemes themselves) must be concluded on a mutually satisfactory basis between the management and the workers concerned.

There are, however, cases where this does not apply (especially in the newer mass-production industries), where employers still attempt to impose wage systems without discussion with the union, and set bonus times without negotiation, although the time rates are agreed. The commonest form of this is the so-called "scientific" wage scheme, under which the management claims to fix rates "objectively" through the use of a stop watch to record times and a fixed formula to translate these into piecework prices or bonus rates. Some of the resulting bonus systems are extremely complicated and quite unintelligible to the workers concerned; a number of examples could be cited from electrical appliance making, cable making, tobacco and other light industries where the workers are quite unable to estimate what their own wage-packet ought to be.

Time Study and Rate Fixing

It is often claimed by people "selling" wage systems based on time study that they provide a "scientific" method of rate fixing in place of the chance to-and-fro of collective bargaining.

If we say that this claim is completely fallacious in theory and has proved so in practice, this does not mean that motion study has not great potential value as a means of analysing the use made of the worker's time and reorganising and replanning the work in such a way as to cut out unnecessary effort. But the determination of wages, involving the division of the product between the worker and the capitalist, whether it is done with or without a stop watch, is not a scientific process at all. From the point of view of increasing production, there is no reason for such a division to be made; and the final result is conditioned by the strength of the parties, nor can it be otherwise, at any rate so long as private profit is the driving force of industry. The methods of the struggle may change superficially: it remains a struggle.

The determination of the actual working time taken by a given operator on a job is, of course, a comparatively simple process, and if the purpose of the study were only (as it could be in an experimental department) to improve the methods of work and layout of the job no difficulty need arise.

In practice, when time studies are used as the basis for rate fixing, there is usually a considerable amount of estimating and allowances, concerned especially with these factors:

(1) How much time is to be allowed for rest and relaxation within a normal working hour and day—what proportion of the working time is it reasonable to expect the worker to be actually tending his machine, or directly contributing to production?

(2) What time is to be allowed for hold-ups in the supply of work or tools, minor adjustments to machinery, preparation of the job, cleaning up, etc.?

(3) Are the conditions under which the job is studied " normal " or artificially favourable? For instance, a time study on a fine, bright, warm day might give a shorter time than one on a dark, cold day and result in consistently poor earnings; or one operator may have a better machine than another, though of the same type; or a time observed at 10 o'clock in the morning may show a pace of work which would certainly not be maintained at 4 in the afternoon.

(4) How is the " average " skill and effort of an " average " worker (which is supposed to be the basis for rate fixing) to be determined from a time study of one or more individuals?

On the last point, the rate fixer usually " levels up " the results of the time study to " average " skill and effort on the basis of his own estimate (" rating ") of the degree of skill and the amount of effort being exerted by the particular worker studied. That "levelling" is a *subjective process*, not a scientific one, is admitted by the more serious experts advocating time study. Thus, Prof. Meyendorff in his recent book *Time Study and Rate Fixing*:

> " He (the time-study man) must always be aware that this procedure (" averaging " or " levelling ") is not an *objective* method of measuring, but a *subjective* comparison with all the possibilities of defect."

A number of ingenious formulas have been arrived at purporting to standardise the time to be allowed for fatigue, non-productive time, etc. " Bedaux " is one such formula. The important point is that no such formula can be objective: it is affected by judgments as to the degree of organisation and how fast the employer can " normally " drive the worker in the given economic conditions. An attempt to present it as " objective " and scientific is simply an attempt to get back to piecework prices imposed by the employer, instead of negotiated with the worker and his representative.

Naturally, the management has an interest in keeping all the calculations as " tight " as possible, allowing a minimum of time for " extras " and relaxation. Naturally, the management has an interest in assessing the effort of the worker studied as low as possible, and if it can, assessing as " normal " the effort of the fastest worker of all.

Equally naturally, the workers, especially in organised shops, have used their ingenuity to combat this particular advance of " science " in the workshop. A testimony to this ingenuity is provided by a standard textbook on the subject, which informs the budding time-study engineer what to look for when assessing the " degree of effort " being exerted by a given worker. (Lowry, op. cit.):

> " The other form of poor effort, while equally easily detected by the competent time-study man, is more amusing to observe, particularly if it is carried on at all cleverly. It consists of introducing all manner of unnecessary work and of attempting to make the job seem different than it really is. When this is done, a number of the following points will be noticed.
>
> " Many trips for tools will be made when one trip should be sufficient. These trips may be made to the tool room, the operator's own cupboard or work bench, or he may be continually borrowing equipment from fellow workmen. The same will be true of materials and other accessories, for instead of analysing the job and getting everything required in the fewest possible trips, the operator purposely makes a trip for each separate item. This not only requires extra time to make the extra trips, but it extends the time for doing the other work, because by continually stopping and starting the operator does not give himself a chance to get into the swing of the work.
>
> " Not satisfied with the time lost by unnecessarily running to and fro, he finds it necessary to stop work an unusual number of times to blow his nose, get a drink, or do some other such personal thing. He will interest himself in other things which are apparently out of the ordinary. He will play the part of a good fellow and give fellow workmen advice and demonstrations that are not needed. Sometimes he pretends to be ignorant of things that he should know and has known for a long while and asks questions and seeks advice unnecessarily. Unusual trouble may develop with his tools or the materials, and he will try to engage the time-study man in conversation. He tells him what he is up against and how he can neither get

> the proper tools nor get his machine repaired. He also says that the material is not what it used to be and that conditions are not right; and he compares his work with what other men are doing elsewhere. He may try to get the time-study man interested in subjects foreign to the work and may try to get sympathy by talking about his family affairs.
>
> " Then again, he wants to impress on the time-study man how important is the operation he is performing and how strict accuracy is absolutely necessary, overlooking the fact that the time-study man has familiarised himself with requirements and the purpose of the operation. He makes many false and unnecessary motions. He does not perform the elements in the same sequence and often starts the same element several times. He makes many mistakes and finds it hard to do anything right the first time, but is continually cutting and trying. He will finish the work to a degree of accuracy that is not necessary and that will not be maintained after the time-study man has left; to obtain this accuracy, he will continually gauge and measure his work. He will use wrong tools, such as a smooth file when he should use a rough one or a light hammer when a heavy one is more suitable. He may use carbon-steel tools when high-speed tools could be used to better advantage, or he may try to use tools that are improperly ground. He resents any suggestions for improvement and intimates that they have been tried before unsuccessfully."

It will be noted that the assumption is that the " normal " worker never talks, never helps others, never stops to scratch his head or do up a shoelace. But it is, of course, quite true that workers do not work their hardest for the rate fixer. The point is that the attitude developed on both sides is a fighting one: it is only the methods of fighting that have changed and are covered up by scientific terminology. Clearly time-and-motion study is not the simple panacea for all the evils of industrial relations, in general, and wage relations in particular, that is sometimes claimed.

In practice, when it comes to the actual fixing of rates, the refinements of split seconds in timing the job cease to have much practical importance. It is the experience of the worker and his shop steward —experience both in the technical and the trade union sense—that is pitted against that of the rate fixer. Indeed, many well-organised shops would strike against the introduction of stop watches for rate-fixing purposes.

If the agreements are normally well-kept by the firm, if times allowed generally yield a fairly good bonus, and there is no incessant nibbling at piecework prices and times, the bonus system may form a real incentive to production. If, on the other hand, the management is always trying to screw the prices down to yield the bare agreed minimum percentage, on the excuse of minute changes in working methods, the most exactly-calculated bonus system may actually retard production, since the workers will be afraid of giving an increased output which will result in a cut in bonus times. Only with the most helpless, unorganised and inexperienced of industrial workers is it safe for managements to assume that any bonus or payment-by-results scheme, however administered, is bound to give a higher output than plain time rates.

Many trade unionists consider it necessary to resist completely the introduction of stop-watch methods. Some, especially in areas where the practice already prevails (having been introduced in many cases before the workers were organised), believe that, provided the results of time study are written down and available to the workers, it gives a better basis than guesswork rate fixing. The practice of " rating " the performance of the individual worker, and modifying the time allowed accordingly, is generally agreed to be thoroughly bad, giving the widest scope for " fiddling " on the part of the management and destroying any confidence by the workers in the method of rate fixing. In some shops where time study is allowed by the union, the stewards have obtained agreements that all bonus times should be based on the actual performance of a representative cross-section of the workers; " performance rating " is thereby eliminated.

Sub-contracting

The " sub-contracting " method of piecework belongs largely, but by no means entirely, to history. The " sub-contractor " with whom we are here concerned is not an independent small employer (though one shades off into the other), but a worker who sub-contracts for labour only. In its " pure " form the system survives in the cutlery trade, where a large part of the output is produced by an individual worker on piecework: working for various employers, he may rent a place in a workshop, light, etc., and employ his own helpers at day rates. A similar system existed here and there before the war in the London West End tailoring trade; in chain making; and in some other trades.

Although these extreme cases of sub-contracting accepted as the normal system are rare, sub-contracting itself is not yet dead and keeps reappearing in unexpected places.

In building, the unions waged a long fight against it in the nineteenth century (it was a particularly severe problem here because of the technical difficulty of introducing *individual* piecework in the industry). Never recognised or approved by the unions, it was, nevertheless, fairly common on the unorganised jobs of speculative builders before the war, the subordinate members of the gang being paid a time rate a little above the ordinary union rate in consideration of " tearing the work up." The piece master has also reappeared unofficially since the war. The system led both to exploitation and division of the workers and to scamped work and lowering of quality.

In shipbuilding the normal practice is still for the skilled men to take a job on (plating or riveting) at piecework rates, and to employ their own labourers at time rates. The *degree* of sub-contracting involved in this, however, has been worn down over the years. Today the plater's helper, like the plater, has an agreed minimum time rate (which is about 16s. above the ordinary labourer's rate). Moreover, the firm, not the plater, is responsible for paying part of his basic wage and all national bonuses, and the whole of the wage is now paid through the company's office.

In mining, contracting or "buttying," though declining, is by no means dead. It has survived in the Notts and Midland coalfields longer than elsewhere, though over the country as a whole individual piece price lists have been the rule for over 50 years. The system tends to develop again, however, wherever there is work to be done not easily measurable by exact piecework tonnage rates; for example, development work in driving tunnels or opening up a new panel of coal. Here it is not uncommon for one man, acting as ganger, to take the job on at a price and pay his subordinate workers day wages. In some coalfields attempts are being made by the union to put matters on a more democratic basis by getting the men to elect their own chargeman, who will supervise the work and get an extra rate for it, and divide the piecework earnings among themselves. The demand of some areas in the National Union of Mineworkers for a day rate is largely put forward with the aim of ending the contract system.

In iron and steel smelting, once a sub-contracting trade, piecework earnings are now shared among the gang in fixed proportions.

In cotton spinning, until the war, piece prices were paid to the mule spinner in charge of the loom, and he was responsible for paying the assistants (big and little piecers). During the war definite rates have been established for the big piecer, but part of his wage is still paid by the skilled spinner. The Evershed Committee has recommended that this practice should end and "the wages of all operatives should be the exclusive responsibility of the employer."

In the potteries, skilled makers and placers (oven workers) in some factories still employ and pay their own (women) helpers. The union disapproves of this, and its proposals for a new wage structure exclude the practice.

Thus the tendency in modern agreements is that where piecework is done on the "gang" system, the less-skilled members should be paid through the office; that definite rates should be laid down for them; and, in most cases, that they should receive a specified share of the gang's piecework earnings. In conditions of full employment, when it will no longer be possible to pick up "unskilled" labour as needed, the last point is likely to be of increasing importance.

" Group " Bonuses

Provided there is no piece master, " group " bonus systems appear, on the face of it, to have many potential advantages over individual piecework or bonus. As far as the workers are concerned, the collective bonus avoids the setting of one man against another as "pacemaker." It avoids the widely differing earnings which, it is feared, tend to break up trade union spirit and solidarity and prevent a united drive for improved rates. From the point of view of increasing production the collective bonus not only makes it practicable to cover work which cannot readily be measured on an individual basis, but concentrates the attention of the workers on the planning, progressing and organisation of the whole section of the work on which their team is engaged, and encourages them to use their ingenuity to overcome hold-ups and bottlenecks—which is in practice more important for production than knocking seconds off the production time for one or other component, which may then lie unused for weeks because there is no balanced flow of work. The importance of the " flow " of production in modern industry, the introduction of conveyors, etc., is likely to give increased importance to group-bonus methods. A particularly successful example of group bonus was on the " Mulberry Harbour " units constructed in 1944-45.

On the other hand, " group " systems have their own problems. First, if the bonus payment is spread over too large a group of men, the individual worker is apt to feel that his personal contribution makes little difference, and the system will, therefore, fail to produce any improvement in output. A characteristic example of this is the output bonus tried for a time in the mining industry during the war. A bonus was paid to all workers in a district (coalfield) if that district exceeded its target for the quarter. The scheme proved unsuccessful and was dropped (1) because the numbers involved were so great that even if a whole pit exceeded its target it was often swamped in a below-target average for the coalfield; (2) the numbers of pits involved made it impossible to allow for variations in factors other than the effort of the workers which might affect output from month to month (e.g., the proportion of coalface workers to total labour employed). Similar considerations would often apply to taking an entire factory as a unit.

Where smaller numbers are involved, and all are working in a single department or within a limited distance of each other, it should be possible to devise workable systems. There remains the problem of how bonus earnings should be divided among the different members of the gang or group—for example, should the division be equal or in proportion to the basic rate of each worker? Should foremen or chargehands share in the bonus? How far should workers ancillary to the job (transport, tea boy) be included? And so on. These problems *must* be solved in such a way that there can be no danger of a new version of the old "piece-master" system arising, or of key workers being made to work at piecework speed for time-work rates.

It has sometimes been argued by employers in the past that "profit sharing," in one form or another, is the best form of incentive, since it gives the workers a stake not only in their individual effort, but in the welfare and efficient conduct of the business as a whole. There are a few firms which operate "profit-sharing" schemes on the basis of issuing co-partnership shares to the workers (notably some gas and electricity companies, John Lewis Partnership). It is generally considered in the trade union movement that these shares are simply a means of tying the worker to remain with the company, since he will usually lose the little capital they represent if he leaves.* Another form is the "bonus" occasionally announced (by some motor and tobacco companies, for example) as a "gift" out of profits. This is a means of staving off the claim for a regular wage increase by a display of "lump-sum" generosity on a single occasion; it is not often tried by firms whose workers have any great trade union experience.

Neither these forms, nor the regular "profit-sharing" agreement operating till recently in mining, are properly incentive wage systems at all. They are a feeble attempt to get the workers to identify their interests with those of the employer (including high prices, monopoly extortion and anything else he may think profitable). They are unlikely to raise output because profits are affected by too many other things for the individual worker to exert himself with the object of augmenting his co-partnership dividend from 3 to 3½ per cent, or raising the ascertained profit from 1s. 6d. to 1s. 6½d. per ton.

Genuine group-bonus systems, based on the output of a department or factory, can be combined with individual bonus systems. Their development is, perhaps, the best way to strengthen the work of joint production committees and create a better basis of support for it among the workers. As we shall see, they are widely used in the U.S.S.R.

Payment by Results and Technical Change

One very typical problem of payment by results is the adjustment of prices when technical improvements are made to the process. Karl Marx notes in *Capital* the traditional employer's viewpoint on this matter—that provided piecework earnings are no lower after the change than before it, the workers have no legitimate grounds for complaint.

> "In the *London Standard* of October 26th, 1861, there is a report of proceedings of the firm of John Bright & Co., before the Rochdale magistrates, 'to prosecute for intimidation the agents of the Carpet Weavers Traders' Union. Bright's partners had introduced new

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*** In the case of gas and electricity companies liable to public purchase, the desire to create a benevolent façade may also have operated.**

> machinery which would turn out 240 yards of carpet in the time and with the labour (!) previously required to produce 160 yards. The workmen had no claim whatever to share in the profits made by the investment of their employer's capital in mechanical improvement. Accordingly, Messrs. Bright proposed to lower the rate of pay from 1½d. per yard to 1d., leaving the earnings of the men exactly the same as before for the same labour. But there was a nominal reduction, of which the operatives, it is asserted, had not fair warning beforehand.' " (*Capital,* Vol. I, Kerr edn., p. 610.)

The descendants of these employers in the twentieth century are still saying much the same thing.

In the interests of production and stability, it is, as a rule, necessary that *part* of the proceeds of increased output of new machinery should go to meet the cost of the machine itself. The remainder (and in cases of improved layout, the whole proceeds) should be available (1) for lowering prices to consumers; (2) for increasing wages in the industry itself. The increase in wages may take several forms: (1) an increase in agreed wage rates, based on the increased productivity of the industry as a whole; (2) an increase in agreed wage rates in the factory concerned, covering the workers generally; (3) an increase in the earnings of the pieceworkers concerned. In practice there will have to be a balance between these according to the needs of the particular case. But it should be a principle that a better technical method ought always to produce a quite tangible benefit for the workers most directly concerned; first, because this is the one thing that can be immediately checked by the union; secondly, because it gives the workers a direct interest in technical improvements. It is not sufficient if piecework earnings before and after the change are equivalent; they must show a definite improvement, and the new prices must be fixed with this in mind.

To sum up, there are a number of safeguards which trade union experience clearly establishes as desirable, if payment-by-results systems are to satisfy the worker and lead to improved output and higher standards of earnings.

(1) The first condition is the guarantee of the minimum time rate in all circumstances. This places on the employer the onus of providing a flow of work, and reasonable facilities for doing it, throughout the working week. It makes a certain standard of life for the worker a first charge on the industry, and it compels the employer so to organise the payment-by-results system that it does normally result in earnings appreciably above the minimum.

(2) A minimum percentage above the time rate which pieceworkers should be able to earn is a further safeguard against driving workers to work at piecework speed for the time rate of wages.

It is important that the minimum percentage should be fairly high.

A percentage below 25 per cent of the whole wage may be regarded as very low.

(3) All " waiting time " when work is not available should be paid for by the hour, and not merely on the basis of a guaranteed day or week: otherwise the pieceworker will be deprived of the reward of his effort in one part of the day by a shortage of work for which he is not responsible in another part.

These safeguards are beginning to be insisted upon, not merely where an industry passes from time to piecework (the original situation in which they arose in engineering, for instance), but also in a number of trades which traditionally work piecework, but have no time-rate guarantee, and no formal relation between piecework prices and time rates. The Evershed Report, for example, makes this recommendation for cotton spinning: and the hosiery unions were recently able, after a strike ballot, to enforce a guaranteed time wage for their industry.

(4) The system should be simple enough for the worker to understand how his pay packet is made up and what he is entitled to get for extra effort. It is not a good situation, either for production or for democracy, when a wage system becomes so complicated that only the management's statistician on the one hand, or a specially-trained full-time union official on the other, can work out whether or not an individual worker is receiving the agreed wage. This is, however, still apt to be the case in cotton weaving, wool combing, and many of the more complicated "modern" incentive systems.

(5) Guarantees should be included against rate cutting, and all changes in rates should be negotiated with union representatives.

(6) Young workers learning the trade should not, as a rule, be placed on piecework in the early stages, since it will at best cut across their training, and at worst is likely to lead to overtaxing their strength and risk of accidents. (The foundry workers have been demanding guarantees on this point.)

(8) Collective bonus systems should be much further extended in suitable cases. All time workers who work " in concert and rhythm with pieceworkers," and whose work is consequently intensified as the pieceworker's earnings increase, should be compensated for this, either in the form of a " lieu " rate or in the form of a special bonus. Toolroom workers in a number of engineering factories, for example, are entitled to receive a bonus based on the average earnings of the production workers in the whole factory. This problem has been claiming special attention in mining, but it applies to maintenance workers and ancillary workers in almost all trades.

It remains true that the only effective means to make payment by results work well is strong trade union organisation, and, specifically, strong organisation *on the job.* In some trades where piecework was originally accepted with great reluctance—the outstanding example is engineering—the workers have built up so strong a workshop organisation, based largely on the negotiation of piecework prices, that the effect has been greatly to strengthen the unions and to increase democracy within them.

IX—Women's Wages

Low wages for women are the weakest point in the whole trade union front. After two great wars, in which women have demonstrated their ability to do almost every job in industry, the wages of women generally remain between one-half and two-thirds of those of men on comparable work.

As far back as 1887 the T.U.C. passed unanimously a resolution on the payment of women workers:

> "That in the opinion of this Congress it is desirable, in the interests both of men and women, that in trades where women do the same work as men, they shall receive the same payment."

There have been dozens of similar resolutions since. After 60 years, many of the other aspirations of the movement in the 1880s have been realised. It is more than time for some practical results on this one.

Britain is by no means in the vanguard on this question. Statutory minimum wage rates laid down by the United States Government for goods entering inter-State commerce apply alike to men and women; equal pay prevails in the Federal civil service and in the majority of State civil services. In France, since the liberation in 1944, the principle of equal pay for equal work is embodied in the minimum wage decrees. In the U.S.S.R., ever since 1918, the principle of the rate for the job, regardless of sex, has governed wages, and the equal rights of women with men workers as regards wages are embodied in section 122 of the Constitution of the U.S.S.R., adopted in 1936.

The Royal Commission on Equal Pay, reporting in 1946, after long delay, was unable to reach unanimous conclusions, but the majority, while not unfavourably disposed to equal pay for equal work in teaching and in the civil services, reported on balance against its introduction in industry—a conclusion which (as the Minority Report in favour of equal pay, signed by three members, pointed out) was not based mainly on the evidence but on general economic arguments. That a Commission appointed by a Coalition Government should have failed to take a progressive line on this matter is, perhaps, more regrettable than surprising. But if the Royal Commission is not to be the saviour from on high who delivers, the strong right hand of the trade union movement and the Labour majority in Parliament will have to deal with the matter.

The latest available figures at the time of writing (January, 1946) show women's earnings—including piecework, bonus and overtime—averaging only 59s. 10d. over industry as a whole—far too little to enable a woman to live independently by her work. And even this terribly low average may be falling still further as women move from the engineering and chemical industries (where a number of them received a rate related to that of the man they replaced under wartime dilution agreements) into peace-time industries which normally employed large numbers of women at low rates of wages.

It can hardly be questioned that these very low earnings (under £3 in the great majority of industries) are a principal reason why, rather than return to the peace-time industries, so many women are leaving industry altogether. This applies with special force to married women. Out of a net wage of £2 10s. or so a married woman worker has to find perhaps 7s. for dinners and teas away from home, 2s. for fares, the cost of laundry sent out instead of done at home, insurance and trade union subscriptions, and possible the cost of having a baby minded in a nursery or by a neighbour. There is not much left to show in return for the hard work of running a job and a home at the same time; and it is not surprising that so few married women are taking it on unless forced to do so by the husband's sickness or unemployment. Indeed, the remarkable position has now been reached where in hosiery and boots and shoes, for instance, employers have been obliged by the labour shortage to employ men (at men's wages) on what were formerly women's jobs.

Considering that the manpower shortage is hamstringing efforts to raise production and living standards, this waste of women's labour could hardly be more serious. The Majority on the Royal Commission, however, cheerfully base their report on the assumption that continued full employment is

> " a precious and tender plant which has not yet—for the occasion has not yet arisen—been successfully transplanted from the greenhouse of speculation and plan making into the cold air of the real word." (§ 495.)

Presumably they think that once " normal " unemployment returns plenty of women will go into industry at low wages—so why worry?

The importance of the issue to the whole working class is reinforced by modern technical developments, which tend to reduce whatever "natural " monopoly men may formerly have had of certain types of work, and to break down established demarcations between men's and women's work.

The T.U.C., in evidence to the Royal Commission on Equal Pay, points out that in the past there has been, apart from the war, " a fairly clear and rigid demarcation between men's and women's work throughout the greater part of manufacturing industry." They consider that while some classes of work have been assigned to men because of the greater physical effort or the rough character of the work, this is an inadequate explanation of much of the demarcation which exists, as the wider employment of women in wartime has shown. Women's work in such industries as laundry, cleaning and packing may be neither light nor congenial. It is assigned to women because of the low wages paid, which would not enable a man to support his family.

> " We believe it to be beyond dispute that the relative rates of wages paid has been a substantial factor in determining the allocation of certain jobs to men and others to women. The trade unions have been compelled not only to uphold, but to promote, a clear demarcation between men's and women's work—where such demarcation was possible—in order to protect the men's, and thus indirectly the women's rate of pay " (para. 17, T.U.C. Memorandum of Evidence).

During the war this demarcation was temporarily suspended. In almost all industries collective agreements were signed relating to the extended employment of women, and most of these recognised in principle " the rate for the job," i.e., the woman should receive the rate of the man she replaces, if she can do the work without extra assistance or supervision. (There were exceptions, e.g., in furnishing, woodworking, sugar manufacture). Even where assistance was required, a minimum of 75 to 80 per cent of the men's rate was often provided.

These agreements operated with success where there was previously a clear demarcation of men's and women's work, but where men and women were already on similar work at different rates (as in distribution, engineering and potteries) " the trade unions have had the utmost difficulty in securing for women dilutees the full male rate of pay." This has strengthened the demand by the unions for proper and exact grading of each operation according to the skill required.

For one thing, jobs requiring great physical strength and effort, which might not be within a woman's capacity to do effectively, are being more and more eliminated from industry. With the development of conveyor systems, overhead cranes, hoists and electric trucks, the need for heavy weights to be hauled by an individual operative is greatly reduced, and much work, even in " heavy " industry, is brought well within the muscular strength of women. This applies also to many types of machine, which, with electric controls, become much lighter to handle. One may instance the difference between an old-type steam locomotive and a modern, electric one. These changes are not made merely in order that women can be employed, but for greater efficiency generally. Professor F. C. Bartlett, of Cambridge, expert in industrial psychology, made the point to the Equal Pay Commission that where an operation is found to require a degree of muscular effort which could not be expected from women "the operation in question is probably ill-designed, whether for men or women."

Secondly, with the development of mass-production, sub-division of production is carried to great lengths, and there is greatly increased scope for the use of automatic and semi-automatic machinery. Hence the proportion of production jobs for which a long, all-round apprenticeship is needed tends to decline, and more and more work is broken down into operations which can be fairly quickly learned by an intelligent and adaptable worker.

The result is that in a growing range of industrial occupations cheap women's labour can, without technical difficulty, be substituted for men's, the only limit being the supply of women's labour available. Further, the women may not necessarily be engaged on work identical with men's. Old demarcations can, therefore, no longer be clearly maintained between men's and women's work, and agreements guaranteeing women the men's rate on recognised men's work are by-passed and become unenforceable.

A particularly striking case arose in 1943 at the new Rolls-Royce factory at Hillingdon, Glasgow, which had been specially tooled and equipped to enable Rolls-Royce Merlin engines (one of the most complex precision jobs in the engineering industry) to be produced on a large scale with a minimum of craftsmen's labour. Of the 18,000 workers employed, only 4½ per cent were skilled in the orthodox sense and 46 per cent were women. The women were working with men, doing piecework on the same schedule, but not getting the men's rate; and the employers argued that as the jobs and machines were newly-conceived, and largely designed for women and unskilled labour, the dilution agreement did not apply at all. A Court of Enquiry, under Lord Wark, awarded that the women should be paid on the basis of grading each job, from the women's rate for the simplest jobs, previously done by women, up to the fully-skilled men's rate, and the men's minimum rate for those in between. This was a wartime compromise to avert a stoppage on urgent work; but the technical problem it indicates is a wide one.

The question cannot now be tackled solely by trying to get equal rates for men and women in the cases where they are doing identical work; it involves the whole question of women's rates in jobs and industries which are *normally* manned by women.

The T.U.C., in their evidence to the Royal Commission, made it clear that, in their view, "equal pay for equal work" does not clearly express the full demand of the unions. "Equal pay for equal work" forbids any discrimination between men's and women's piecework prices on identical work. But there are many jobs, done by both men and women, where there is no form of payment by results; and where piecework systems do exist they should be, and often are, based on standard time rates to avoid piecework being used to exploit the workers. For this reason it has now become more customary to speak of " the rate for the job " for both men and women, which implies that for each occupation or grade of work there should be a common minimum rate of pay.

> " We have, therefore, to consider what is the application of the claim of 'equal pay for equal work' over the wide range of occupations concerned, particularly with the operation of machinery in which men and women are employed on similar, if not identical, work. The existence in the past of two distinct schedules of wages for men and women and the great disparity between them certainly involved a form of sex discrimination . . . (which) can only be overcome by closing the gap between the minimum rates established for men and women in different industries " (para. 153, T.U.C. Memorandum).

The Employers' Arguments

The employers usually attempt to sidetrack arguments that women are underpaid relatively to men by saying that women and men scarcely ever do the same work, so that no comparisons can be made; and that even where their work is formally the same, men are, in practice, given the " more important " (and better-paid) parts of it to do. They argue, therefore, that low women's rates are due to the fact that their work demands lower skill and responsibility.

The Royal Commission in general fell for this line as far as industry was concerned. In the professions they were willing enough to regard the work of men and women teachers as " parallel " and " equivalent," and to admit (in the Civil Service) the "presumptively equal efficiency" of the sexes. But when it came to women workers in industry, they would discuss equal pay only where there was perfect interchangeability, or, in the words of the British Employers Confederation, " precisely the same work under identical conditions."

Much space in the Majority Report is therefore given to ascertaining the exact " overlap areas " between men's and women's work, industry by industry, in order to justify wholly artificial distinctions. Thus in lens polishing men are found to be working to 100 per cent accuracy, women only to 90 or 95 per cent, the wages being respectively 2s. 2¾d. and 1s. 6d. per hour—a wage difference of 33 per cent. In pottery, the Manufacturers Federation state that the articles made by women are " the less difficult shapes and the smaller sizes " (of cups and saucers) for a difference of roughly 15 per cent in prices and 25 per cent less bonus. In raincoat-tailoring men are found to do the " more important " operations of putting on collars and sleeves by hand and baisting, while women do tacking and baisting for hourly earnings 18 per cent less than the men's.

The fundamental point is that women's *minimum* rates are far below those of an *unskilled* man. A skilled man almost always gets a definite rate above the unskilled, but such rates are much less common among women workers. Thus, even in industries where the greater part of the productive labour force consists of women, such as clothing or cotton weaving, the woman worker on production is paid far less than a male labourer sweeping the floor.

Comparison of Skilled and Semi-skilled Women's Rates with Unskilled Men's Rates (August, 1946)

	per hour	
	s.	d.
Tailoring:		
Woman Machinist (after 4 years as learner)*	1	4½
Male labourer (porter)	1	9½
Furniture:		
Woman (polishers, upholstery cutters, etc.)	1	7
Woman machinists, etc.	1	5½
Male labourer	1	11½
	per week	
Engineering:	s.	d.
Woman on machine or assembly work	62	6
Male labourers	84 0 to 89	6
Cotton Weaving:		
Weaver, fully competent†	62	2
Male labourer (warehouseman)	78	11
Woollen Weaving:		
Scribbler feeders and condenser winders (women)	52	5
Male labourer	76	0
Jute Spinning:		
Single Spinners (women)	46	10
Male labourer	70	3

(Based on *Rates of Wages and Hours of Labour,* 1946, Ministry of Labour.)

These figures alone make it sufficiently clear that the lower wages of women are not based on their relative skill and efficiency. So long as these low rates prevail on work which has customarily been done by women, the standards of men are not secure, and the potential contribution of women to production and national wealth will not be made, since, inevitably, men will tend to maintain demarcation against lower-paid women.

There were, however, also a number of industries in which some at least of the jobs done by men and women were undeniably identical, even before the war. They included textiles (especially weaving), clothing, hosiery, pottery, many forms of semi-skilled and unskilled work in engineering and minor metal industries, woodworking and the furnishing trades. There was also some overlapping in the boot and shoe, leather, printing and tobacco industries.

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* Piecework basis time rates

† Minimum " fall-back " rate.

Some examples of the differences between men's and women's agreed time rates in identical jobs are as follows: (We have limited the table to jobs clearly admitted as " identical " by the Royal Commission—a very narrow definition indeed.)

Identical Work
Men's and Women's Time Rates (August, 1946)

	Men	*Women*
	per hour	per hour
Tailoring:	s. d.	s. d.
Cutters	2 2	1 4
Machinists	1 11	1 3
Furniture:		
French polishing	2 4½	1 7
	per week	per week
Silk:		
Spinning (index)	100	80
Flax:	s. d.	s. d.
(Various processes)	100 0	76 0 to 78 0
Engineering	88 0 to 93 6	62 6
Boot and Shoe	85 0	62 0
	per hour	per hour
Made-up textiles:	s. d.	s. d.
(Cutters)*	1 8	1 0½
	per week	per week
Retail Distribution:	s. d.	s. d.
Drapery and outfitting assistants (A)	84 6	59 6
Qualified pharmacists	109 6	99 6

Not only the time rates, but the piecework prices are often different for men and women (thus disposing of the argument that women are paid less because they produce less). In cotton weaving (where the great majority of workers are women) and some woollen, piecework prices on identical work are the same,† but in many other industries they are below the men's piecework prices (usually in roughly the same proportion as the women's time rates are below the men's). This is the normal position in almost all Wages Council trades—i.e., the statutory minimum for women is about 50 to 60 per cent of that for men.

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* Equal Pay Report Figures.

† In cotton textiles the men's wages have notoriously been far lower than in the general run of industries: the man is getting the woman's rate rather than the reverse.

Men's and Women's Piecework Prices

Industry	*Women's piecework prices as percentage of men's on identical work*
Wool textile weaving (Huddersfield)	89
Engineering	68½
Clothing (machinist or presser, tailoring)	59
Pottery	66
Made-up textiles	62½

Even if the unions are able to negotiate identical piece rates where men and women are doing identical jobs, side by side, in the same workshop (which is exceptional), they have no control over the prices for identical work done by men in one factory and by women in another, which are therefore related to men's time rates in one case and to women's time rates in the other. Such cases are common in clothing, where men only are employed as cutters and pressers in some factories and areas, and women in others; and in engineering, where certain machines were operated by women before the war in some areas, and by men only in others, and, therefore, women taking over men's machines during the war had to do so at women's rates.

The employers attempt to justify the payment of lower rates to women by a series of remarkable arguments based on the alleged high cost of employing women.* They say that women cannot do the heaviest jobs; that, owing to their shorter working life in industry, they tend to be employed on more repetitive jobs and cost more in proportion in recruitment, training and administration. (The fact that all men are not equally strong or skilled is not mentioned). Moreover, " the statutory restriction of the hours of work and overtime of women limits their economic value," and even with women on non-manual work, whose hours are not regulated by statute, " the fact remains that, owing to their lower physique, it is not possible to subject them to the same strain as men when exceptional pressure of work has to be met by an extension of hours." Women are said to be less " interchangeable " than men because of the limitation on their hours of work. Absenteeism is said to be far higher among women, and wartime figures from an R.O.F. are cited.† Again, " the statutory requirements for the protection of health and welfare of workers are in in many respects more onerous in the case of women " —rest rooms mean additional costs.

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* The quotations which follow are taken from the evidence of the British Employers' Confederation to the Royal Commission on Equal Pay.

† The evidence of the Civil Service Staff Side shows that the difference in sickness absence in the same grades is so small that Lord Tomlin, chairman of the Civil Service Royal Commission of 1929-31, dismissed it as negligible. The R.O.F. figures are influenced by the abnormally long hours and long travelling distances of such wartime factories, and the higher proportion of married women in wartime industry.

The stock arguments about physical inferiority and high rate of sickness absenteeism received very little support from the medical experts called by the Royal Commission on Equal Pay, only one out of eight considering that "physiological and psychological differences rendered them less efficient for most industrial jobs than men." The rest agreed that gynæcological disorders had been much exaggerated in their effect on women's regularity of attendance; and that, apart from work requiring great muscular strength, there was, in general, no physiological reason why women should be less efficient than men.

Higher average absenteeism among women (which is due less to sickness than to domestic reasons), while it may add to overhead costs, cannot be made a reason for paying a lower rate to a woman who does attend regularly than to a man who does not.

Nor can unequal pay be justified by the argument that women are more expensive to employ because of the legal prohibition on their working night work and the limitations on the length of the working week and the amount of overtime. As the T.U.C. points out,* many of these restrictions were made statutory in the case of women precisely because (unlike men) they had no strong trade union organisation to protect them. In many industries there are, by union agreement, equal or more stringent restrictions on men's overtime (often combined with unusually high wages, e.g., in the London printing trade). In any case, the working of overtime is recognised as exceptional, and accordingly paid for under agreements at a rate above the normal. To base normal earnings on ability to work overtime means that the *exceptional* case where the unions agree to overtime is to become the basis for determining wage rates generally.

Night work and shift work, again, is normally paid for at higher rates than day work, so that inability of women to work at night cannot be made the excuse for lower rates on day work. In any case, there are a great number of factories and industries where, in normal times, no night work is done by the great majority of the workers. The fact that women cannot legally work a night shift in electricity supply or railways seems a curious reason for denying them the rate for the job in an engineering firm, where perhaps only days are worked.

Relative Efficiency

The Majority Report reached the conclusion that "the average man is more efficient than the average woman" in face of all the more reliable evidence submitted. The Employers Federation asserted that where women were employed on the same work as men their output was lower, without being able to produce a single fact or figure to substantiate it, and under verbal examination admitted as much. The Commission itself put trained investigators on the job in the case of woollen-textile weaving and the clothing industries, but, in the time allowed, it was possible only to take a sample of the admittedly narrow "overlap" jobs.

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* In verbal evidence to the Commission.

In regard to engineering, they admitted that they were "left in much doubt" by the evidence, and at the hearing of the employers' verbal evidence one of their number, Mr. C. S. Robinson, said:

> "My experience during the war of women working side by side with men has been quite considerable, and, frankly, I have been surprised at the comparisons that I have been able to make. I would almost go as far as to say that fundamentally women in wartime, in my experience, have produced (of course, they are not put on to heavy work) at least as much as men who have been working with them, and even more. . . . I know that in many industries women produced more in value possibly than men, or, at any rate, at least as much; and they are not necessarily working on piecework . . . women produced as much as men working in the same circumstances and under the same conditions, or based on the same measurements, it was proved beyond question. . . . " (Minutes of Evidence, p. 12.)

The Minority Report of the Royal Commission, signed by three members who favoured equal pay in industry, deals with the point as follows:

> "On efficiency in the narrow sense of production per hour when on the job, little clear and conclusive evidence has emerged from the enquiries of the Commission. . . . Piecework earnings, for the purpose of comparison, should be reckoned on an hourly rather than a weekly basis in order to estimate efficiency when on the job. Moreover, hourly earnings are influenced by a number of factors besides individual efficiency. There seems to be a tradition in some occupations of giving the 'best-paying work' to men. More important, the average age of women in industry is less than that of men. Figures showing that a group of women earn less than a group of men, on equal piece rates, may, therefore, merely reflect the fact that less experienced workers produce less than more experienced. Finally, we have been given averages only, without figures for the dispersion of earnings around the average. . . . Very little, therefore, can be deduced about relative efficiency without knowing more about the individual output of the workers concerned" (para. 10). "The theoretical argument," they say in a later passage, "advanced by the majority to account for the lower wages of women in terms of lower efficiency, used in its widest sense, seems to us unconvincing, and, on the evidence, their case is not proven" (para. 19).

The majority of the Royal Commission, however, based their case less on the evidence than on the *a priori* argument that men must be more efficient, because if they were not "it is hard to see why, at the prevailing relative wage rates, the employer should continue for any length of time to employ men." (para. 345.)

This may be described as the "whatever is, is right" line of argument. It is assumed that women cannot be worth more than they are getting; otherwise they would get more.

The answer is a simple one. The worker under capitalism is not paid what he or she is worth (otherwise there would be no private income for the capitalist), but what he is strong enough to exact as the price of his labour power. Here the importance of the past struggles in determining the value of labour power (i.e., the standard of living of the working class) is especially clear. Women are paid less than men because, broadly speaking, they (or at any rate a proportion of them) can be got to work for less.

The wage required to buy the physical minimum of subsistence for a single woman worker is, of course, less than that for a man with a family; and for this reason it is theoretically possible to get a certain supply of unorganised women workers at a lower rate than men could be got. But men's wages are not determined in Britain today by the bare cost of keeping body and soul together. As a result of trade union struggle, wages have been raised sufficiently above that level to provide at least some of the decencies of human existence (though not very many in the case of the lowest paid).*

As the T.U.C. put it, historically "the different economic responsibilities of men and women have played some part in influencing their rate of wages," but the trade unions do not accept the minimum cost of subsistence as a basis for determining wages.

> "Today in wage negotiations it is the value of the worker's output, the character of the work on which they are employed and the degree of skill involved which are the most important considerations. . . . We do not believe that wages are today based upon any such calculation of subsistence levels, and it is certainly our view that they should not be so determined" (T.U.C. Memorandum of Evidence, para. 26).

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* Professor D. H. MacGregor, in his evidence to the Royal Commission, said:

> "The development of capitalism has given mechanical aids to labour to an extent which has raised the average productivity of labour, over about a century, to four times its initial amount, although population also increased four times. This higher standard of real earnings enables the married workman to support a family on a rising standard of comfort. It is wages which explain the standard of living and not vice versa. There is at any time some size of family which wages will support on a conventional level of comfort; this has often been taken, in recent conditions, as three children. But whatever it is, it is only a basis of reckoning the satisfactions of expenditure, by reference to a normal form of expenditure, namely, the satisfactions of family life. It does not justify the conclusion that those who at any time realise their satisfactions in other ways are being paid wages on account of "phantom" wives or children whom they do not support . . . Family life is a source of satisfactions, and implies the cost of getting them, and this is true of all satisfactions. Those who do not have families, including especially the single women, are fully entitled to compensatory forms of expenditure, and to the wages which make these possible (para. 7)."

That women's wages are still so far below men's is due largely to the comparative weakness of their bargaining power and their lack of union organisation. A large number of the women at present employed in industry are either young women who can, if they wish to, live at home, whose low wages are in effect partly subsidised out of the general family income, and who do not expect to remain in industry throughout their working lives, or women forced by urgent domestic circumstances (such as sickness or unemployment of a husband) to earn whatever wage they can. These factors tend to make organisation to protect their standards more difficult.

The enforcement by the unions of demarcation lines against women in the better-organised industries and trades (which is itself largely due to their low rates) limited the openings for them in industry and further weakened their bargaining position. To argue that lower rates for women are *a priori* evidence of lower efficiency or usefulness to the employer is, in face of these facts, obviously unsound.

The real motive of the employers is quite obvious; it is to secure cheap labour, so as to increase their profits. Sir Alexander Ramsay, of the Engineering & Allied Employers, made much play* with the rise in prices and the dire effect on housing and exports which equal pay would cause for such goods as electrical fitments, refrigerators, lamps and so on—a touching spectacle when one considers that all these goods are sold at prices maintained by one of the tightest monopolies in the country.

The employers try to appeal to the men against the women, arguing that there is only a fixed amount available as wages and the task of wage negotiation is its fair apportionment according to needs:

> "The existing structure has, in, the main, been arrived at by joint negotiation and agreement . . . while the results may not be perfect, they do at least represent a sincere effort to apportion wages fairly and equitably between the different classes of workers.
>
> "It is true that, in that apportionment, the trade unions have had to bear in mind, not only the value of the work performed, but also the social needs of the workers, including their family responsibilities, and that, to that extent, therefore, social, as well industrial, considerations have been a factor in industrial negotiations" (Memorandum of Evidence of British Employers' Confederation, paras. 24-25).

This whole conception of a wage fund depends, as we have seen (Chapter II) on the fallacies that profits and productivity are fixed and unchanging. From this it is only a step to arguing (as the Majority Report actually does) that if women were paid the same as men, both would tend to receive less than the present men's rate. The trade union movement, however, understands well enough that if the employers are prevented from getting cheap labour the way is cleared for an *all-round* advance in wages, and that this is exactly why employers so heartily oppose the principle of equal pay.

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* In the verbal evidence given by the Employers' Confederation to the Royal Commission.

Three lines of advance towards equal pay were indicated by the Trades Union Congress in evidence to the Royal Commission:

(1) The success of the Government's full employment policy will give women wider and more varied opportunities of employment than in the past.

(2) The Government can use its influence by giving equal pay to its own employees and advising local authorities to do the same, and it can, by its recommendations, influence the decisions of arbitration bodies and Wages Councils.

(3) Improved trade union organisation of women and strengthening of their position in collective bargaining is vital.

A further question arises, as to whether the movement ought to take the opportunity to press the Government to go further—for example, to add to the Fair Wages Clause in public contracts a provision requiring equal pay in the contractor's enterprise.

The decisive issue is how determined the unions and the movement as a whole are to achieve a living wage for women workers. It is not simply a question of equal pay on identical work, but of a rate for the job that will encourage the maximum number of women to remain in industry, and to qualify themselves for jobs of increasing skill and responsibility. At the 1947 Labour Party Conference a resolution demanding the immediate application of the principle in the public services was carried by a heavy majority, despite opposition by the Executive—an indication of the strong feeling in the movement that action is overdue. The next move is with the unions.

X—The Guaranteed Weekly Wage

Before the war, short-time and casual working was a curse for the workers in many trades. Notorious examples were industries affected by weather conditions (building, bricklaying) and the docks, which were able to employ their labour on a casual daily or even hourly basis, because of the existence of a " reserve army " of unemployed workers ready to snatch the chance of earning even a few shillings. A guaranteed weekly wage existed only in a few exceptional cases (flour milling, railway conciliation grades, electricity supply).

Organised short-time working and " under-employment " (e.g., employment of four-loom weavers with one or more of their looms stopped) was also very common in productive industry. The Ministry of Labour collected monthly figures for certain industries which show how widespread the practice was. The waste and misuse of man-power and the lack of planning are shown by the fact that short-time working and overtime working went on side by side in the same trade and district.

This was not merely a problem of the slump years. If we take the official Ministry figures for January, 1939, for example, we find a striking picture:

	Week ended January 21, 1939			
	Workers on short-time		*Workers on overtime*	
	Percentage affected	*Average hours lost*	*Percentage affected*	*Average hours overtime*
Cotton textiles	9½	13½	—	—
Worsted textiles	26	9½	5½	6
Woollen textiles	29½	11	12	6½
Boot & shoe manufacture	22	7	10½	3
Brickmaking*	5½	8½	3	6½
Pottery	24	13	— very small —	

—(*Ministry of Labour Gazette.*)

For mining no comparable figures are available, but there were many pits which offered work only three or four days a week for long periods. The number of days on which coal was wound averaged under four a week for the whole country in the summer of the depression years, and between four and five in the summer of 1938; but the number of days on which an individual miner could work was, no doubt, considerably smaller.

Under-employment in the cotton industry was so severe that in 1935 and 1936 about 20 per cent of weavers were affected. The United Textile Factory Workers' Association comment in their 1943 Report on the future of the industry:

> " In the absence of a minimum wage, under-employment may, and frequently did reduce the weekly earnings of weavers to less than the sum which they would have received if totally unemployed. Moreover, a weaver in under-employment could not obtain monetary assistance, even though his or her wages were below the scales fixed by the Unemployment Assistance Board, since, for the purposes of the Unemployment Insurance Act, the weaver was regarded as fully employed. The only relief obtainable was a food ticket issued by the Relieving Officer when satisfied as to the destitution of the applicant."

In engineering no official figures are available, but the Engineering Employers Federation† measured short-time in 1928 as affecting 15 per cent of the skilled men, 22 per cent of the semi-skilled and 13 per cent of the labourers; 15 per cent of the apprentices were also on short time, and 21 per cent of the boys and youths. By 1933 these percentages were, in most cases, a little more than doubled. The percentage on short time for all classes combined was 16.6 per cent in 1928 and 34.5 per cent in 1933. The precise amount of short time is not stated, but in 1928 11.3 per cent of those on short time worked a week between 40 and 47 hours in length, and the remaining 5.3 per cent worked less than 40 hours. In 1933, 18.6 per cent of those on short time worked over 40 hours, but less than 47 hours, and 15.9 per cent worked less than 40 hours.

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* Excluding time lost due to bad weather.

† *Unemployment. Its Realities and Problems.* July 1933.

Under the Essential Work Orders the majority of industrial workers were for the first time guaranteed a week's wage, provided that they were available and ready for work during normal working hours, and willing, if their own work was not available, to perform other work which they could reasonably be asked to do. This guarantee, however, only operated in undertakings on essential work, where the employer's right of dismissal and the worker's right to leave were also restricted.

On May 1, 1946, the E.W.O. ceased to apply to the majority of industries, and the unions have been endeavouring to negotiate some form of guaranteed weekly wage which will continue to operate in normal conditions.* This is urgent, both to give security to the individual worker and to prevent the reckless waste of labour which was general before the war.

So far, the policy and claims of the different unions on the issue have been simple and uniform: they want a full week's time wage guaranteed as a minimum, as it was under the Essential Work Orders. The employers have resisted this with varying degrees of determination, partly, it appears, according to how short they are of labour at this moment. Regularity of trade also seems to be a factor. The resulting settlements are already extremely various. The guaranteed minimum ranges from 32 to 48 hours, and the provisions relating to the treatment of overtime and other premium payments, the conditions in which the guarantee may be suspended and so on also vary widely.

The following are examples of industries where some form of guaranteed minimum weekly wage had been permanently established by April, 1947.

Railway (conciliation grades)
Railway shopmen
L.P.T.B.
Building
Cotton Weaving
Laundries
Civil Engineering
Engineering
Iron and Steel
Flour Milling
Hosiery
Pottery
Government Industrial Establishments
Mining

The agreement in building† (that for civil engineering is similar) provides that where a worker is ready and available for work throughout the normal hours, and willing to perform services of which he is capable in another building occupation or at another site, if his own work is not available, he is entitled to payment at half time rates for any hours lost due to bad weather, provided that during the week he has done some actual work. The wages and " wet-time " payments must together total not less than 32 hours' pay. If the weather prevents work for a whole pay week, the worker is entitled to his 32 hours' pay, but if the bad weather continues beyond a week he must register for unemployment benefit. A further provision* is that a worker, after the first week of employment with a firm, must be given two hours' notice, which can only expire at finishing time on Fridays.

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* The T.U.C. policy was laid down in a resolution of the 1945 Congress, calling upon the General Council to formulate and circulate proposals for the establishment of a guaranteed weekly wage in all industries.

† March 27, 1945. Working Rule 2A.

It will be seen that this is a " wet-time " scheme rather than a " guaranteed week " scheme, since short time, due to causes other than the weather, is not covered. However, the progress made on the wet-time question is certainly a landmark for the building unions.

On the railways the conciliation staffs (i.e., excluding shopmen) have been entitled to a guaranteed day and week since 1919 (though this was several times suspended). In August, 1945, a new agreement was arrived at, guaranteeing all workshop staff available for work on a weekday a day's pay, and staff available for work throughout the week a minimum of 47 hours' wages at the time-worker's weekday rate. The weekly guarantee does not apply in holiday weeks. If there is absenteeism at any works, on the day before or after a holiday, which seriously interferes with production, the companies reserve the right to close the works, on future corresponding days, with a consequent reduction in the guarantee for the week involved. All overtime payments, and enhanced rates for night and Sunday work, are excluded for the purpose of the guarantee. In case of strike, the guarantee is suspended for all staff affected by the stoppage of work. To qualify a worker must be willing to perform any service outside his usual occupation which can reasonably be asked of him " as a temporary arrangement."

The Engineering Joint Trades agreement of April, 1946, specifies that a manual worker, after four weeks' employment with a firm, is guaranteed in each pay week wages equivalent to his plain time rate for 34 hours, on condition that he is capable of and available for work and willing to perform " reasonable alternative work " if his usual work is not available. For the purpose of the guarantee premium payments for overtime, Sunday and holiday work are disregarded. In case of agreed holidays the weekly guarantee is reduced in the same proportion as the normal working hours have been reduced for that week. If production is dislocated by a strike, the guarantee is automatically suspended for workers in the establishment where the strike takes place (but not in other firms or factories affected by shortage of work).

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* Working Rule 2B.

In the laundry industry a national agreement (February, 1946) lays down a guaranteed week of 40 hours (the normal hours being 45), but allows laundries subject to seasonal pressure to apply for a permit to vary this.

For industrial and staff canteens a Wages Council Order of November, 1945, established a guaranteed minimum of 44 hours' pay (the normal hours being 47) for " full-time " workers, subject to the usual qualifications. In cases where the employer is unable to provide work because of strikes, or other circumstances outside his control, he may give the worker not less than four days' notice of this, and thereafter the guaranteed payment will not apply.

For the bakery trade an agreement has been concluded for a guaranteed week of 48 hours, subject to the usual conditions.

In cotton weaving a time-rate was established for the first time in connection with the guaranteed week under the E.W.O. Main points in the new agreement (1946) are :

(1) Workers are entitled to seven days' notice, to be given on a Saturday; part-timers' notice in proportion.
(2) To benefit from the guarantee a worker must be available for work and willing to do reasonable alternative work at his own rate or that for the occupation, whichever is higher.
(3) The new agreement applies only to *stopped* looms (wages on running looms to be governed by existing agreements). To preserve the piecework incentive, the guaranteed wage is to operate only in respect of under-employment or unemployment of workers.
(4) For *stopped* looms there is to be a payment of 75 per cent of the individual weavers' average hourly earnings (the war-time arrangement gave 100 per cent).
(5) Stoppages due to disputes will not be payable.
(6) Stoppages due to breakdown are payable at full wages for the first four hours, and for the rest of the day at 75 per cent; there is no compensation for subsequent days unless the worker has been requested to attend. Stoppages for alterations in mill equipment, or full-week stoppages for trade reasons, are not covered. Payment is made after one hour for " abnormal delay " due to waiting for warps, etc., or mechanical faults on one loom, at 75 per cent of earnings. Breakdowns due to breakage or failure of a shuttle are not payable, on the grounds that this may be partly due to carelessness by the weaver.

In potteries the guarantee is for 34 hours, exclusive of overtime

There is a proviso to suspend it if the worker has been repeatedly late or absent, and has continued to do so after a written warning from the employer that further lateness and absenteeism will forfeit his right to the guarantee. The worker will be deemed to have requalified when he has worked without fault for two consecutive weeks. The guarantee is also suspended at four days' notice in case work is stopped by a strike (even in another factory), or mechanical breakdowns, shortage of materials, fuel and power, or closing down of any continuous oven or kiln for any purpose. It is interesting that the agreement (November, 1946) coincides with the establishment of a new wage-structure, which for the first time is based on time rates.

In hosiery there was no time-rate system at the time when the guaranteed week was settled by arbitration, and the flat rates used as a basis (experienced men 1s. 10½d., experienced women 1s. 2¼d.) were arrived at for this special purpose. The minimum guarantee is 36 hours at these rates, and if less than 36 hours are worked, the hours below this are paid for at flat rates, not to maintenance staff, packers, etc. It applies only to production workers. Individual exemptions may be given by the union (or by the Joint Industrial Council if the union refuses) for elderly or disabled workers. The usual practice of sharing work is to be continued. Workers required to do work outside their own occupation because of shortage of their own work are to receive four-fifths of their normal earnings or the piece rate for the new job, whichever is the higher.

In Government industrial establishments an agreement signed in October, 1946, guarantees all employees their time rate for their normal weekly hours, with the usual proviso about doing alternative work, and excluding overtime premiums. It is suspended if work is stopped by a strike in that particular establishment.

In the mines the full guarantees given under the E.W.O. have been carried forward in the new agreement. In addition to the guaranteed day for timeworkers, pieceworkers are guaranteed their minimum wage for stoppages of over an hour in any one shift. The full guaranteed weekly wage (based on that payable for a normal week up to May, 1947, that is 5½ or 6 shifts according to the district) is payable to those who work a full five shifts in the week; that is, the regular worker gets 6 days' pay (at the old rate) for 5 days' work, but a man who works only 4 days gets 4 days' pay.

The dockers have received a guarantee, under the Dock Workers (Regulation of Employment) Act, that schemes of permanent decasualisation will be introduced. The unions and the employers are to negotiate schemes; if they fail to agree by the end of 1946 the Minister of Labour will itself draw one up. The schemes are to be enforced by Government Order; they must provide for regularity of employment and may deal with other matters such as the control of recruitment and allocation of workers, guaranteed payment where work is not available, the enforcement of trade union conditions and training and welfare facilities. Until new schemes are approved the wartime decasualisation scheme will continue to operate. These negotiations have been protracted, partly because of the difficulty in getting the employers to agree to adequate numbers of dockers to be registered at each port as entitled to guaranteed payment, partly because the employers have fought against the conception of a guaranteed *day* or *week* and have tried to substitute guaranteed minimum earnings over a month, which would mean that piecework earnings on a very heavy week's work would disqualify a man for payment in unemployment.

It will be seen that so far the fullest guarantees have not necessarily been obtained in the best-organised industries. Indeed, two of the most favourable agreements are in the (hitherto sweated) laundry and catering trades.

The difficult question of security for the worker in what have hitherto been seasonal industries (motors, some branches of clothing, etc.) has not as yet been covered in any of the agreements.

XI—District and Local Wage Variations

We have already noted, in dealing with payment by results, how wage structures are the outcome of a long period of working-class history and struggle, and bear the marks of it to this day. Nowhere is this more evident than in the variations of wages on a district and area basis.

Many of the existing trade unions in Britain grew up on a local and then a district scale. Only gradually did the amalgamation of local societies develop into the fully national union, alongside the growth of combines, cartels and national federations among the employers. Indeed, the process has gone very much further on the side of the employers than it has on that of the workers even today —as witness the large number of local unions among those affiliated to the T.U.C.

National unity on the union side is a blow at the employers. The outlawing of " industry-wide " (national or regional) trade union agreements in the U.S.A. trade union legislation of 1947, compelling the unions to revert to bargaining separately for each enterprise, is obviously aimed at dividing and weakening them and opening the door once more to company unionism.

In a whole number of industries the process of national integration of the unions has been very long and very slow. The miners, for example, took over fifty years to move from a Mineworkers Federation of separate district unions to a National Union of Mineworkers with full national negotiating rights. It is not surprising that wide arbitrary variations in wages should have developed among district unions, and that these have often been carried forward in the wage agreements of the national union.

Most unions today aim at enforcing, as far as possible, a national minimum rate. It is not always realised, however, what a wide variety in rates exists within industries and how various are the principles upon which area and district variations are based in different industries.

If we take first industries which have national negotiating machinery on basic wages, a number of industries work on a single national wage scale (without even an extra London rate). This includes some Wages Council trades, such as wholesale tailoring* and mantle making, soap, candle and edible fats, various food processing industries, laundries and so on. A few other agreements provide for a uniform national rate—for example, rubber manufacture, ophthalmic optical work, light castings, paper making and railways (locomotive drivers and firemen). There are also several where the question of a London rate hardly arises—e.g., agriculture, shipbuilding (new work).

Even where the wage agreement is a single national one, however, it is common to find a London (or London and Home Counties) rate. Industries which recognise only two area rates, for London and the rest of the country, include:

	District Wage Rates (August, 1946)				
	National rate			*London plus rate*	
	s.	d.		s.	d.
Heavy Chemicals (day labourers)	1	11	(per hr.)		1
Paint, Varnish and Lacquer (men 21 and over)	90	0	(47 hrs.)	5	0
Railway Wagon repairing	92	0	(47 hrs.)	5	0
Constructional Eng. (outside steelwork) ...	2	4½	(per hr.)		1
Electrical Cable making	85	0		3	0½
Furniture manufacture (journeymen) ...	2	4½	(per hr.)		2
Wallpaper manufacture	92	0		4	0

In some cases the original district variations have been co-ordinated into a small number of main grades not geographically adjacent. Wage variations by national agreement may then take place either (1) by a uniform change for all grades; (2) by giving a larger increase for lower grades or " levelling up " a particular grade out of existence; (3) by lifting a particular town or area into a higher grade. Wage structures of this type are found in the building industry (with four provincial rates, two London (inner and outer), and one Liverpool rate), and in the printing industry, where the London agreements are on a district basis and the remainder of the country is classified into four grades. The spread between the highest and lowest grades is as follows:

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*Except measure-cutters.

	s.	d.	
Printing:			
Difference between Grade 1 and Grade 4 (Linotype comps, weeklies, day)	7	0	(44 hrs.)
London additional rate above 1	10	0	„ „
Building:			
Difference between Grade A and Grade B (craftsmen)		2	per hr.
London (inner) additional rate above A		1½	„ „

The railway conciliation agreement, also of this type, provides for a classification into London (plus 2s. per week), industrial (plus 1s.) and rural: area differences are uniform for all classes. The railway shopmen's agreement, however, contains a much larger number of varying local rates.

Certain agreements automatically classify a town in a particular grade according to its population. The private retail distributive trades J.I.C. agreement for England and Wales provides for provincial "A" areas with a population of more than 10,000 and provincial "B" below that size (with certain specified exceptions). (This is roughly the equivalent of the railways' industrial and rural rates). The dressmaking Wages Council order divides provincial areas into those with a population of *more* and *less* than 10,000 in 1931. Flour-milling wages are based on five classes of mills, A and AA being mills "in big milling centres, larger towns or principal ports": B and BB other mills "in towns or industrial areas": and C "in small country towns or rural areas"; the difference between Class A and Class C is 12s. a week. (Compare this with a difference of 3s. between the London and rural rates on railways or 6s. in retail distribution.)

On the other hand, the Report of the Court of Inquiry on the Omnibus Industry (1946), which set out to draw up a national agreement for private bus companies to replace the chaos of existing rates, frankly says that: "While we agree that a grouping system is essential, the variety of existing rates makes the working out of a logical system difficult, if not impossible. The rates at present payable have been built up haphazardly, but we feel, nevertheless, that as they now stand they must form the starting point for any workable grouping system." The method adopted here was simply to draw a line across the existing wage rates at the figure of 90s. 6d. (drivers' rate) as the basis for a permanent division into groups 1 and 2, with a differential of 4s. between the groups. Strictly speaking, these are not *district* rates, but *company* rates. Their genesis, however, is typical of the difficulties met with in passing from a local to a national wages structure in a privately-owned industry.

In a number of industries separate district rates exist without a comprehensive national wages structure. An example is engineering. Here the main variations in wages are nationally negotiated, as are many special additions for particular classes of work people (welders, die casters, toolroom workers, etc), or conditions of work (shift work, etc.), but the foundation of the whole wage structure in any particular area is a purely district rate. The variations between areas in this case have no claim to be based on any evaluation of relative living costs in the different areas.

A large number of engineering workers are in large towns rated at 102s. (fitters and turners) per week, or within 1s. 6d. of this either way. The maximum spread, however, is much greater.

	Fitter's and turner's rate	
	s.	d.
London	106	11
South Wales	110	5
Penzance	97	0

Basic wages are negotiated on a regional basis in gas and electricity supply,* and some other public utilities (e.g., local authorities' non-trading services, hospital services) through a system of Regional J.I.C.s. The minimum rates in these cases show a fairly wide variation, though the class of work also varies to a certain extent with the size of the unit. For electricians the differential between the lowest rural rates (e.g., in Cornwall or Scotland) and the highest non-London industrial rate is about 3½d. per hour, and the London rate is another 2¼d. above this, making the total " spread " 5¾d. per hour.

How far do the district and local wage variations correspond to any differences in living costs? There is no official survey available showing what these differences really amount to in practice. The usual assumption is (1) that rents and fares are a much heavier burden in London than in other towns; (2) that towns are dear in proportion to their size; (3) that living in the country is vaguely cheaper all round (perhaps because many of the amenities which the town dweller pays for the countryman goes without altogether).

There is certainly some justification for the first assumption. Rents in London for working-class families, according to Sir William Beveridge's Report in 1944, averaged about 16s. a week (for a " standard " industrial household) against 10s. 9d. over the whole country. Fares amounted to £15 a family in 1938 in the L.P.T.B. area, whereas for Birmingham the figure was only about half.

The alleged cheapness of living in the country is a much more doubtful matter. Rents are lower, but usually the really low rents are for substandard housing: while transport to work and shops is often costly or scarce (involving extra effort in bicycling or walking).

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* Since this was written the first national agreement for electricity supply has been negotiated (Jan., 1947).

The lack of selection in the smaller village shops deprives the housewife of many opportunities for economy, while the possibilities of getting " extras " (vegetables or rabbits) cheap or free have often been over-estimated. As for the differences in wage rates between different towns, it is very difficult to see what justification these have in terms of living costs.

It is doubtful how far the price level in the shops ever varied uniformly by areas for different lines of goods. Certainly under conditions of rationing and price control area variations cannot be of any importance.

Even if it were possible to arrive at some rough estimate of the different costs of maintaining an equivalent standard of life in different areas (by no means a straightforward undertaking) it is quite certain that the result would not be found to correspond with the existing district wage variations.* For example, the extra cost of living in London cannot be rightly estimated at ½d. an hour on railways, 1d. in heavy chemicals, 1¼d. in paint, 1½d. in building, 2d. in furniture manufacture, and 2¾d. in printing. Nor can there be any logical reason on cost-of-living grounds why the difference between the large town outside London and the rural areas should be about 3d. in flour milling, 2d. in printing, ¾d. in retail distribution, and ¼d. on railways.

The fact is that there are a variety of reasons which originally gave rise to, or which now maintain, differences in district rates; and the cost of living is only one of these. The most important is the bargaining strength of the workers in the particular district at the time of the agreement.† This depends on (1) the strength and liveliness of the trade union organisation; (2) the economic position of the industry in the particular area. One factor may cut across the other—as in the case of the Liverpool " super grade " for building workers, the highest in the country outside London, maintained by strong union organisation in what, before the war, was almost a depressed area.

The economic position of an industry may vary as widely from district to district as though we were dealing with two quite separate industries. Sometimes the market is different in each district, sometimes the product, sometimes the technique; and this may build up a background of prosperity in one area and decay in another.

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* The fact that district variations do not correlate with differences in living costs (so far as these are known) has been shown statistically by the late E. Rothbarth in an unpublished note, for access to which I am indebted to Maurice Dobb. It shows that if the cost of living variations by areas, as arrived at by a Board of Trade Enquiry in 1913 (Cmd. 6955), are compared with variations in district wage rates, the correlation for skilled building workers, for example, is barely significant, and for unskilled workers quite insignificant.

† Note that S. Wales and Monmouth rates in most industries are very high, as are Liverpool rates in building.

In engineering, for example, the different sections of the industry are largely concentrated in different districts—heavy and marine engineering in Scotland and the North East Coast, motors in Coventry, electrical engineering in the Midlands and London, textile machinery in Lancashire and Yorkshire, and so on. The motor trade was expanding when marine and textile engineering were depressed: hence unusually favourable rates and earnings in the Coventry area.

In mining no one who passes from the South Wales coalfield to Leicestershire, or from Durham to South Yorkshire and Nottinghamshire, can fail to be struck by the great differences in mining equipment and technique, and in the living standards of the people. Many factors contribute to this. Coalfields mainly dependent on export markets, such as South Wales, were more affected than inland districts like Yorkshire by declining demand between the wars. The older areas, notably on the North East Coast, had a high proportion of obsolescent pits and had exhausted the easiest seams. Differing natural conditions and varying mechanisation led to great variations in output per shift (the best pits probably having three or four times the output of the lowest). Above all, the huge reserve pool of unemployment in South Wales, Durham and Scotland tended to keep wages down in those areas. Low wages in turn made it unprofitable to mechanise in certain areas.

The argument that lower wage rates would attract industry to the distressed areas was always a " splitting " argument. Today, when the Government has considerable power to control the location of new industries, it is also a silly one.

The importance of a wide variation in rates may be very considerable where the products of the different areas directly compete with one another. It is a standing invitation to employers to play the higher-rated areas off against the lower and to get work done in the lower-rated districts. Thus in printing there has undoubtedly been a tendency by employers to move out of London into the lower-rated Home Counties area just outside; not only book printing, but also periodicals are affected by this trend.

In mining the employers have consistently played one area off against another, using a higher wage rate in the most profitable areas (such as the Midlands) to prevent a united advance by the workers as a whole (e.g., in 1926 when Notts was persuaded to go back before the other districts). In practice the low rates in South Wales, Durham and Northumberland formed a check on the improvement of standards in the newer Midlands fields also. The owners resolutely refused national wage negotiations up to 1939, even though a number of colliery companies had pits in more than one coalfield.

This problem is especially acute where different district rates are still based on the existence of separate district unions, not linked through any federation with national negotiating rights. Not only rates, but wage structures and working conditions may vary widely, giving a strong incentive to employers to shift their work to the area where wages and conditions are less favourable. In the carpet industry, for example, there are three unions in the three main centres (one Scottish, one Northern, and one centred in Kidderminster) and no national agreement on basic rates or working conditions (though there is a common cost-of-living bonus).

In the hosiery industry, there has recently been a growth of new factories, especially in Lancashire and the Home Counties, well away from the traditional and strongly-organised centres in Leicester and Nottingham. It is estimated that wages in Lancashire, though higher than those for cotton operatives, were only two-thirds of those in the East Midlands, and often less than half, due to the larger supply of women's labour. Here again, organisation is mainly in specialised unions in the older areas, whereas in the newer areas the general unions play some part. Basic rates are not negotiated nationally.

Even where the product of one area does not directly compete with another (as in road passenger service or building) the variation of rates means that the workers in isolated rural areas do not benefit fully from the strong national organisation of the industry based on larger centres.

Most unions which have agreements embodying widely varying rates have been pressing in recent years to reduce the " spread " and move towards uniformity (though in most cases the need for a special London rate is accepted). A good deal has been achieved in this direction.

The Printing and Kindred Trades, whose agreements embodied six area grades outside London from 1919 up to 1942 were able in that year to secure a reduction to four grades by levelling up the lower grades.

The building workers' national agreement in 1920 laid down 17 grades, and in 1922 London gained two " super " rates. By the outbreak of war these had been reduced to nine, and about 80 per cent of the workers were covered by Grade A rates. During the war the four lowest grades were eliminated, and there are now only five grades.

The furniture workers, early in 1946, won a new national agreement which replaced the old widely-varying district rates, on which a uniform cost-of-living bonus was payable, with two rates only, London and provincial; and national negotiating machinery was fully established.

The miners, in 1942, obtained an overriding national minimum wage, which was raised in 1944 to £5 underground and £4 10s. on the surface. This was not in practice a uniform rate, since the higher-paid districts were already paying well above it, but it meant levelling up for some of the lower-paid districts, and laid the basis for establishing (1943) full national negotiating and conciliation machinery.

Another important development was in the Co-operative movement, where in 1946 the first national basic wage agreement was signed for retail societies (replacing a system of uniform national bonuses and basic wages negotiated on a district and local basis in some 200 separate agreements). This agreement classifies the country into London and three other grades. The basis for classification of a society in a particular grade is laid down in the agreement; guiding principles are (1) population of town or area; (2) nature of area; (3) industrial conditions and rates of wages prevailing; (4) local living conditions (rent, rates, prices, fares); (5) membership and financial position of society; (6) rates paid prior to grouping.

The engineering unions, in their proposed new wages structure, have raised the demand for a single national minimum rate: and the gas and electrical* unions are working in a similar direction. In mining—perhaps the most entangled of all—the union and the Coal Board will be tackling this as one of their first objectives in the nationalised industry.

While there is general agreement on the need for a national *minimum* rate, however, there is some dispute as to what degree of local variation above this is permissible and desirable. The railway agreement is a supreme example of national uniformity, despite the multiplicity of grades; so are the Civil Service agreements; on the manufacturing side, a firm uniform national agreement exists for such large combines as Imperial Chemical Industries. In engineering, furniture, clothing, on the other hand, a " good shop " very often pays a " shop rate " above the district rate.

These differences naturally tend to correspond with differences in the working of the unions. It is not always easy to say whether a high degree of local and district autonomy and responsibility in wage negotiations is the cause or the effect of a flexible wage system. But it is clear that the life of the union district committees and branches, shop stewards' committees and " job-level " trade union organisation will be very much influenced by the rigidity or otherwise of wage-negotiating arrangements. There is not much doubt that the character of the engineering wages arrangements has been a factor in the specially successful working of joint production machinery and shop stewards' organisation in that industry during the war; nor that these arrangements have sometimes led to a certain unconcern, on the part of members in some of the well-organised shops, about the results of national negotiations to improve minimum rates and conditions.

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* See footnote on p. 148.

The Webbs, in *Industrial Democracy,* laid it down as axiomatic that the two jobs of negotiation and enforcement of wage agreements should be (as far as possible) completely distinct. A good national or district agreement should cover every point of variation that could arise, and local officials and rank-and-file members need have no more to do than interpret and enforce.

It is doubtful whether this hard-and-fast line between negotiation and interpretation best fits the changing conditions of modern industry. The 100 per cent rigid national agreement, however perfect, has the grave disadvantage that it can only be modified on a national scale —a lengthy process at the best of times. It does not allow the rapid redress of a local grievance which may arise from technical changes or geographical conditions. Further, there are very positive advantages in giving a district committee (and to some extent a branch or factory committee) a sufficient degree of autonomy in negotiating wages and conditions above the minimum to maintain the live and active interest of the workers in strengthening their local organisation, and to give the maximum incentive to productivity in each shop.

Such strengthening of local organisation and conditions can, and should, put more power behind the elbow of the Executive in national negotiations. It is not likely to have its full effect, however, unless the links between workshop, district and national organisation are very close. If the links between shop stewards and district committee, or district and higher bodies, are not maintained by close and regular consultation, with a definite status for the workshop representatives, part of the workers' organised strength may be wasted in internal union conflicts between the different levels.

Unions in nationalised industries will have to pay special attention to the question of local and national wage negotiating machinery. For they, above all others, will need to secure an active trade union life and a direct interest on the worker's part in improving efficiency on his own job. It may be that the necessary flexibility will be sought largely in an extension of payment by results under local agreements, combined with a firm national wages structure. In that way it might be possible to prevent the weaker areas from lagging, without the danger of the over-centralisation and bureaucracy which has been so characteristic of, for instance, the railway companies in dealing with wages matters.

XII—Government Responsibility for Wages

How far should the Government interfere with wages? Should the Government take a more direct part in fixing wages in accordance with certain principles, or should the trade union movement deal with the matter unaided? Should the advent of a Labour Government make any difference to union policy in this respect?

These are questions on which a great deal of discussion is at present taking place in the movement: and it may be appropriate, before plunging into the controversy, to consider how far the Government has entered into the determination of wages in the past, and with what results.

In the period up to the outbreak of war in 1939, the Government exercised very little direct responsibility in relation to wages. The main ways in which State regulation entered into wages issues were through trade boards (and certain other wage-fixing boards) on the one hand, and through the Fair Wage Clause and the policy in relation to Civil Service remuneration on the other.

The Trade Boards, at the outbreak of war, were estimated to cover trades employing about 1,200,000 workers.* They consist of members representing employers and workers in equal numbers, together with three "appointed members." They fixed minimum time rates, and, in some cases, also piecework rates, piecework basis time rates, overtime rates, and payment for holidays. In 1945 the name of the Boards was changed to Wages Councils, and their powers were extended to allow them to fix guaranteed weekly wages. Wages Council rates are enforced by an inspectorate of the Ministry of Labour.

The Road Haulage Central and Area Wages Boards were set up in 1938 on broadly similar principles, and also enforced by an inspectorate. The Agricultural Wages (Regulation) Act, 1924, provided for county Agricultural Wages Committees to fix statutory minimum rates on a county basis: in 1940 to 1942, however, powers were given to the Central Agricultural Wages Board (employers, workers and independent members) to fix a national minimum rate.

In the cotton-weaving industry, acute price cutting and depression led the Government in 1934 to introduce temporary legislation to make the existing agreed uniform piecework price lists legally enforceable.

The direct responsibility of the Government in wages matters was thus limited. It consisted in enforcing wages by law in certain industries where the trade unions were too weak to enforce them for themselves. The Government did not itself attempt to formulate the policy of the Boards and Councils; many of the rates fixed by these bodies were extremely low and they varied widely. In some cases, such as clothing, where the union has gained greatly in strength since the establishment of the Trade Board, the proceedings became increasingly the channel for normal trade union-employer negotiations. In others, trade union bargaining strength and agreements were built up outside the Trade Board, which was regarded as a minimum quite distinct from the trade union rate (e.g., baking, furniture manufacture).

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* There were 52 trade boards in June 1944.

During the war the responsibility of the Government was in practice greatly increased. Under the Conditions of Employment and National Arbitration Order (1940) disputes had to be referred before any strike or lock-out to the Minister of Labour, who could refer them to approved arbitration machinery for a binding decision. Thus compulsory arbitration was established, and a special tribunal (the National Arbitration Tribunal) set up to deal with cases referred by the Minister.

Under wartime conditions of growing labour shortage, the normal process of collective bargaining and supply and demand would have enabled the workers to exact very big improvements—though not without damage to industrial planning. The ban on strikes, the compulsory direction of labour, and the tying of workers to their jobs under the Essential Work Order were accepted by the Labour movement as necessary to win the war. But it was also recognised that they involved considerable weakening of the trade unions' favourable bargaining position.

By way of compensating for this, the National Arbitration Order provided for the enforcement of "recognised rates and conditions" in cases of dispute; in well-organised industries, this normally meant trade union-agreed conditions. The E.W.O. provided that before it was applied to a given firm, the Minister should satisfy himself as far as possible that recognised rates and conditions prevailed. This provision was used as a lever by the Ministry (under the direction of Ernest Bevin) to persuade employers in hitherto unorganised industries to agree to collective bargaining as the price of guaranteeing their labour supply; and a number of new Joint Industrial Councils and negotiating boards were formed.

The Wages Councils Act of 1945 provided that for the next five years the agreed wages laid down by trade union agreements would (subject to confirmation of the agreement by the Industrial Court) be recoverable by legal action in the courts.*

Thus the wartime practice of extending the protection of trade union conditions to all workers in the industry is given a degree of permanence—a very important departure from the past legal position in Britain under which only individual contracts and not collective contracts were legally binding on the employer.

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*This will not apply to workers whose wages are fixed by Statute, i.e. Wages Councils, etc.

Arbitration as a Solution

Some writers have suggested that a simple and just solution to post-war wage problems could be found in the continuation of arbitration machinery for all disputes. Thus Sir William Beveridge wrote in *Full Employment in a Free Society*:

> "In the new conditions of full employment, wages ought to be determined by reason, in the light of all the facts and with some regard to general equities and not simply by the bargaining power of particular groups of men. This suggests, not that there should be continuance in peace of the compulsory arbitration which has been accepted in war, but that collective bargains in each industry should in general include a clause for arbitration by an agreed arbitrator, in default of agreement between the parties. The employers' association and the union would thus be pledged in advance to accept the arbitration and to give no support of any kind to lock-outs or strikes in defiance of arbitration. But just as it has been argued above that, in a free society in peace, mere refusal to work by an individual should not be the subject of criminal proceedings, the same should apply to refusals which are not individual, but collective. In other words, in peace in a free society, men should not be imprisoned for striking, though they may rightly be deprived of all support if the strike is contrary to a collective bargain or an agreed arbitration."

This typically capitalist-liberal approach ignores the real political problem underlying arbitration—the fact that the issue is a conflict between classes, and that no such thing as abstract justice between them can be invoked.

It is always a puzzle to see how an Arbitration Tribunal is supposed to decide on a wage claim (as distinct from a point of interpretation) which may come before it. A classical statement of the dilemma in which an absolutely open-minded umpire must find himself is that by Judge Ellison, acting in 1879 in a Yorkshire coalmining case, quoted by the Webbs in *Industrial Democracy* (p. 229):

> "Judge Ellison, for instance, acting in 1879 in a Yorkshire coal-mining case, frankly expressed the perplexity of an absolutely open-minded umpire. 'It is (he said) for (the employers' advocate) to put the men's wages as high as he can. It is for (the men's advocate) to put them as low as he can. And when you have done that it is for me to deal with the question as well as I can; but on what principle I have to deal with it I have not the slightest idea. There is no principle of law involved in it. There is no principle of political economy in it. Both masters and men are arguing and standing upon what is completely within their rights. The master is not bound to employ labour except at a price which he thinks will pay him. The man is not bound to work for wages that won't assist (subsist) him and his family sufficiently, and so forth. So that you are

> both within your rights; and that's the difficulty I see in dealing with the question ' " (p. 229).

The Webbs add an illuminating comment:

> "The persons chosen as arbitrators have almost invariably been representative of the brain-working class—great employers, statesmen, or lawyers—men bringing to the task the highest qualities of training, impartiality, and judgment, but unconsciously imbued rather with the assumptions of the class in which they live than with those of the workmen. The workmen's growing objection to arbitration is, we believe, mainly due to their deeply-rooted suspicion that any arbitrator likely to be accepted by the employers will, however personally impartial he may be, unconsciously discount assumptions inconsistent with the current economics of his class" (p. 231).

This is still generally true of the *chairmen* of Arbitration Tribunals, who hold the balance between the employers' and workers' sides.

What an Arbitration Tribunal can do is, first, to act as the vehicle for Government wage policy, if there is one, and second, to bring the light of publicity on to a claim.

In practice the members of a tribunal—and especially of a National Arbitration Tribunal established by the Government—are presumably supposed to have some general considerations in mind, such as (1) what wage is customary in other similar industries; (2) what the industry can afford to pay; (3) whether it is in the public interest to raise wages. Cases presented to the Tribunals usually pay some regard to the last in their arguments. But these considerations are nowhere set out in terms of reference for the Arbitration Tribunals, and their relation with the Government and its policy remains vague and undefined.

It may be noted that in April, 1941, the Coalition Government did make a general statement of policy in relation to price stabilisation and wages, which might be taken as a general instruction to Arbitration Tribunals. It declared that, owing to the shortage of consumption goods, "increases in wages or other incomes would not . . . raise the general standard of living; they would merely tend to send up prices and denude the shops, making it difficult to secure a fair supply of goods. Those with the least amount of money . . . would suffer most." It went on to say that:

> "The maintenance of wages and employers' remuneration at a reasonable level should be achieved as far as possible by improvement in the efficiency of production by the joint efforts of employers and work people." But it admitted that "there may, consistently with these considerations, be proper grounds for adjustment of wages in certain cases, particularly among comparatively low-paid grades and categories of workers, or for adjustment owing to changes in the form, method or volume of production."

In conclusion, the White Paper made this express recommendation to the authorities responsible for the arbitration of disputes:

> "It will, therefore, be necessary to bear in mind, particularly when dealing with general wage applications, that the policy of price stabilisation will be made impossible and increases of wage rates will defeat their own object, unless such increases are regulated in a manner that makes it possible to keep prices and inflationary tendencies under control."

The T.U.C. General Council, in a counter White Paper, issued to unions at the end of July, 1941,* sharply joined issue with the Government. It stated that to suggest that wage increases were likely to cause inflation was an invitation to employers and arbitration courts to refuse increases, and that the White Paper did not face up to the need for increasing the wages of the underpaid. It frankly warned the Government that any attempt to interfere with the upward adjustment of wages through the existing machinery might impair national unity and impede the war effort, and that the correct way to prevent inflation was to check the rise in living costs through price control (if necessary with the help of subsidies), wider rationing, and limitation of profits.

After this firm stand by the unions, there was no attempt to introduce rigid wage freezing, and further forms of rationing (points goods), price control and standardisation (the utility scheme) were introduced. Further wage increases were granted through J.I.C.s, through direct negotiations and—though on a limited scale—by the National Arbitration Tribunal.

The trade union movement has, throughout, opposed any "regulated" wage policy. It strongly reaffirmed this attitude in a resolution carried at the 1943 Trades Union Congress:

> "This Congress, whilst registering its approval of the general principles of the Government policy of price stabilisation, is of the view that such policy is being used as a means to fix wages by decree, thereby destroying the fundamental rights of the trade unions to bargain with the employers for wage rates commensurate with the economic position of any given industry. Congress, therefore, reaffirms its determination to resist any attempt to impose a permanent regulated wage policy on the country, and instructs the General Council to urge the Government to refrain from issuing instructions to any tribunal legislating on any wage claim."

The movers of the resolution reaffirmed the policy advanced by the General Council two years before. They stressed the importance of not only increasing wages up to the level of prices, but also raising unreasonably low wages; that where profits were rising; wages should be increased; and that the workers should be rewarded for the increased effort and strain of the war period.

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* Printed in T.U.C. Annual Report, 1941.

If the various Arbitration Tribunal awards were more favourable than rigid "wage freezing," they proved, nevertheless, very inadequate means of meeting the workers' demands. In a general way, the Tribunals stuck to the "stabilisation" slogan. Their awards gave small increases under great pressure, but no major wage changes, either in amount or structure. Unions denied trade union recognition sought in vain to have their claim to it established by the Tribunal. Where an acute situation developed, as in the mining industry in 1942, and the demand for fundamental wage changes could not be staved off by awards of the "split-the-difference" type, the Government usually set up a special Committee of Investigation or Court of Enquiry, whose award was not binding, and which was as a rule more ready to give concessions because it was faced with an immediate crisis and must at all costs maintain industrial output.*

The wartime experience, in fact, demonstrated pretty clearly the impossibility of *impartial* State decisions on wages matters. The smallness of the increases obtained by arbitration amounted, in conditions of full employment, to a definite weighting of the scales against the workers, from which the employers as a whole were able to benefit in increased profits. Certainly the present National Arbitration machinery, which creaked and groaned even in the period of "stabilisation," is likely to find the strains and stresses of major post-war wage adjustment too much for it.

A resolution asking the General Council to press for the end of compulsory arbitration as soon as practicable after the end of the war was put on the agenda of the T.U.C. in 1944, but was withdrawn. In 1946 a resolution asking for the immediate repeal of the Conditions of Employment and National Arbitration Orders was defeated. The delegate of the Electrical Trades Union, who moved the resolution in 1946, said that the opinion was widely held that "compulsory arbitration has become the instrument to turn Government wages policy and other matters into normal industrial negotiating machinery"; he referred to the recent rejection of the women engineers' claim, and said that arbitration was being used to add another five weeks to negotiations. Mr. Bullock (N.U.G.M.W.), who opposed, said:

> "In days gone by we have tried our machinery to its limits, and found ourselves engaged in strikes, which did not profit anyone at all. The Tribunal was brought in during the war to compel people who would not be reasonable enough to negotiate to face up to the question in the light of publicity, fact and reason. . . . I am certain that many

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* Such special enquiries were set up, for example, for coal mining in 1942 (Greene Board): for women's wages in Rolls Royce's newest mechanised aero engine factory in 1943 (Wark enquiry); for the dispute over non-recognition of the unions by satellites of Ford's at Dagenham; and under the Labour Government, for docks (1945), company-owned bus and tram services, trawlers, printing, shipyards and road haulage.

> small unions have found in the Arbitration Tribunal their one sounding board."

Despite this decision, it is noticeable that many of the principal unions, after one or two experiments, have tended to avoid referring their claims to national arbitration, which has proved liable to lengthen further the already very protracted wage proceedings without giving much tangible advantage. The latest experience of the engineering unions, whose claim for women to receive the male labourer's rate was referred to the Tribunal with very unsatisfactory results (June, 1946), and the total rejection of the building workers' claim in February, 1947, are likely further to reinforce this tendency to break away from arbitration.

The whole historical experience of the British working class disinclines them to a belief that a tribunal of one employer, one trade unionist, and one lawyer constitutes an impartial body, outside and above classes, to which disputes can be referred with the certainty of a just answer in the interests of " the community as a whole." Ernest Bevin has, indeed, explicitly advised the unions to resort as little as possible to arbitration for fear of undermining their own authority.

The problem is to find methods of dealing with wages which will get the workers their just demands without long negotiating delays. Somehow the Labour movement has to prevent the employers from sabotaging production and Labour's programme by refusing to make the necessary wage increases in good time. How far does this involve central planning of wages? Ought the Government to take any part in the matter at all?

Further, the demand for planning of wages has come up from the side of the employers and certain economists, on the grounds that in full employment conditions wages will otherwise rise chaotically and a general inflation will result.

" Wage-planning " Policies

Certain economists argue that if there is to be any Government economic planning, the first thing to plan is wages. In its plainest form, the argument was put in the manpower debate by Mr. R. S. Hudson, Conservative M.P., former Minister of Agriculture, member of the family concerned in Hudson's Soap (now part of Unilevers):

> ". . . Under a system of private enterprise no Government wages policy is essential. But today we are not living under a system of private enterprise; we are living under a Government which believes in planned economy. . . .
>
> ". . . The logical solution, which the Labour Party are going to shirk, is for the Government to say to the trade unions that during a period of manpower shortage no demands for increased wages, whether they take the form of more wages for the same hours, or fewer hours for the same wages, can be put forward without Government permission.

> That is the logical remedy in a planned economy; we cannot get away from that. But I am not at all sure that the trade unions would agree. Did the trade unions ask Government permission before they suggested, the other day, a reduction at once to the 40-hour week? Did the miners get Government permission to ask for a reduction of their weekly hours to 35? What is the Government's position in regard to these two demands . . . ? "—Hansard (28.2.46).

Further refinements of this argument appear in quite a variety of places—including *The Economist* and others. Most of them carry the implication that what is wanted at the moment (1946-47) is a general wage ceiling, with advances for a few sub-standard industries in which there is an acute labour shortage. This, it is held, would be a *scientific* national wage policy, as opposed to the rough-and-tumble of collective bargaining.

One of the most elaborate versions of the argument was produced by Mr. C. A. Lidbury, expert in personnel management and associated with coalmine management, in an article in the *Observer* (7.7.46), which may be considered as representative of the line of thought. It suggests the application of the " point-rating " technique, now used in a few firms to determine the relative rates of wages for different jobs, to decide the right relation between wages in different industries, and thus form the basis of a " scientific " national wages plan.

The article begins by describing the " point-rating " system as at present used within certain factories (sometimes " with the concurrence of the trade union officials concerned," sometimes not):

> " The method consists in analysing a job into its elements, for each of which points are awarded. Four main elements are first tabulated as follows:
>
> 1. Skill, training, and experience.
> 2. Responsibility and mental requirements.
> 3. Physical requirements.
> 4. Hazard.
>
> " Each section is then sub-divided into a number of factors. Section 3, for example, sub-divides into four factors:
>
> (a) The degree of monotony involved.
> (b) Whether the work requires an abnormal bodily position, and, if so, to what extent.
> (c) How far the work is abnormally heavy.
> (d) Disagreeableness—e.g., fumes, dust, wet, heat, cold, etc.
>
> " The points-value of each factor is then rated as low, medium or high. The rating is done by skilled assessors, with the aid of a standard scale.
>
> " The results given by point-rating are often very different from those obtained by collective bargaining. If the new rate falls below the accepted one, the workers employed at the moment are protected by an undertaking that they shall be given the difference as a personal

> allowance. Newcomers receive simply the new rate. If the new rate is higher than the old, it naturally applies to all."

It is suggested that each industry should apply point rating within its own field. The T.U.C. and British Employers Confederation should examine the method and would, it is suggested, " find ample grounds for recommending its general adoption ":

> " The next step would be to employ a similar technique for ranking industries in order of wage priority from a national point of view. A committee of economic experts, industrialists, and labour representatives might be asked to settle the factors and the points values which would form the basis of a national point-rating system. This would certainly be difficult, but surely not beyond the bounds of human ingenuity. Once accomplished, it would provide a fair and accurate means of calculating what a given industry is worth to the country, and what its relative position in the national wage-rate scale would therefore be. If an industry were down-rated, the men currently employed in it could be protected against loss by an undertaking similar to that now given to men affected by the point-rating of jobs.
>
> " Under a national wages plan, scientifically worked out by an extended version of the point-rating technique, the basic industries, which are essential for our economic survival, would be stepped up to their right place on the priorities list and so put in a position to attract the new entrants they require. The wage status of an industry, instead of depending on the degree of bargaining pressure it is able to exert, would be a fair reflection, both of its character in respect of skill, arduousness and so on, and of the contribution it makes to the welfare of the country as a whole.
>
> " Such a plan would attract—as distinct from 'directing'—young men and women into the fields where their work would be of the greatest value to the nation; it would also enable a general increase in national prosperity to be shared out fairly among all industries, in the form of graduated wage increases, directly this was justified. So might a way be found between the two extremes of anarchic wage conflicts, which we cannot afford, and of a wage system dictated by the State, which a democratic country could not tolerate."

There are, of course, a number of objections to this allegedly " scientific " wages plan (the very word has, in this connection, a tang of Bedaux about it).

The claim that point rating, even within an industry, is " scientific " (as opposed to the " unscientific " method of collective bargaining) will be treated by experienced trade unionists with caution. The " points value " attached to each " rating factor " in the standard scale depends, in the last resort, on the subjective view of the " skilled assessor " as to what the degree of wage differential for each factor should be; and the exact degree of skill and effort required in any given job also involves a subjective judgment.

These subjective judgments will determine the standard scale and job assessment, and these will determine the job rating. If the " skilled assessor " thinks that craftsmen are overpaid in relation to labourers, or that foremen are underpaid in relation to fitters and turners, that fact is bound to be reflected in the " standard scale," in the job assessment, and in the final wage scale which results. The method is, no doubt, one of administrative convenience for the firms concerned, but it is neither " objective " nor " scientific." Indeed, the more responsible time-study experts themselves caution against the ready use of such terms in connection with wage systems.*

A still more fundamental point is involved, however. The fight of the unions to raise wages by exerting their bargaining strength is not just a fight about how a fixed total wage bill is to be more or less " scientifically " distributed among the various industries and grades. It is a fight to wring a higher living standard and a larger share of the total product from the employers in the form of wages at the expense of profits. If well-organised workers, and those in a powerful bargaining position, are able to obtain a wage increase by using their strength, this may necessitate increases to other sections (e.g., in dangerous or heavy jobs) in order to attract labour: and it may even be necessary for the Government to intervene (as it did recently in the case of the brickworks) to ensure that such increases are made speedily. Thus a general increase will result. But if the workers in the best bargaining position are held back (in the name of " scientific " wage fixing) from exerting pressure for an increase, it is not the lower-paid workers who will benefit, but the capitalists.

The Labour Discussion pamphlet, " Fair Shares of Scarce Goods," issued early in 1946, was taken by many trade unionists as a hint that some people in leading Labour Party circles were toying with the idea of some form of State regulation of wages. The relevant paragraphs may be quoted:

" What, then, is the effect of an increase in wages at the present

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* Thus in the pamphlet on " Assessing the Job " (Industrial Welfare Society, 1945) personnel experts J. Maizels, R. Watson and A. K. Rice discuss " points evaluation " for salaried jobs only within a firm (a much simpler task than here contemplated). Although concerned to argue the general case for job evaluation, they state that the point system has important disadvantages:—

> "It does not measure differences in jobs with real accuracy, for the same number of points may be allocated to different factors, which can be challenged in any discussion on differential values;
>
> " The point is an arbitrary unit of value which is abstract and indefinable. A measurement based on a standard of measure which itself is not measurable can never be other than arbitrary, and comparisons between value so measured must themselves be unrelated;
>
> " The great danger in the use of the points system is that the semblance of detached scientific measurement tends to deceive those using it as to its thoroughness and reliability, and they are apt to become dogmatic and inflexible in their attitude to rates of pay."

> time? The truth is that while extreme shortage lasts wage increases for one section of industry are liable to raise costs of production and be passed on in higher prices to the consumers, so that the original increase is at the expense of workers in other sections of industry, as well as at the expense of citizens as a whole. And once prices begin going up there may be a general demand for wage increases to meet the increased cost of living, the further wage increases raise the cost of living again, and the vicious spiral is at work. In such circumstances wage increases may even be positively harmful to the community. That is why, from the point of view of the nation, restraint should be exercised about pressing for indiscriminate wage increases. . . ."
>
> "How, then, can sufficient workers be induced to enter, and stay in, the new priority jobs when compulsory powers have disappeared? Certainly people cannot be expected to work in the formerly depressed industries, such as cotton, vital as it is, if cotton wages and conditions are far worse than in other industries. . . . Employers in the industries concerned must not be allowed to obstruct such necessary increases, which may be offset by falls in overtime earnings, though not in wage rates, in other industries where wartime earnings have been high. . . .
>
> ". . . Fair distribution, according to a plan of priorities, calls for a continuance of high taxation, high savings, rationing, and price and quality control. Most complex of all these is a need for some form of national wages policy, as wage levels are of importance not only to the employer and worker, who are parties to a particular collective bargain, but to the whole community. . . ."

The pamphlet was immediately criticised by the T.U.C., who rightly foresaw the use that would be made of it by the employers: isolated passages were indeed quoted in the House of Commons Manpower Debate (28.2.46) by more than one Tory M.P. in support of the argument for a wage stop. Mr. Morrison, in the same debate, made a pronouncement on the Government view:

> "In many trade disputes there is an argument on a demand by work people for an increase, or a demand by employers for a reduction, and one side says: 'You can afford it,' and the other says: 'We cannot.' In too many of these cases the facts are not known. Moreover, when we come to general wages policy, often the wider facts are not known as to within what limits we can adjust wages, without getting into an inflationary spiral, or without causing economic disturbance. Therefore, our first point as a contribution to wages policy is that, so far as we are concerned, we shall take all practicable steps to let the parties to the argument know the indisputable facts. That, in itself, will be a very important contribution. It may be that as the years pass, we shall be able to say enough to enable it to be established and agreed that arguments about wages are circumscribed within certain elastic considerations, but circumscribed, nevertheless, by limitations of facts.

> " The next question is whether when those limitations are settled the Government are to step in and say to employers: 'You must put wages up by so much,' or to the trade unions: 'You must not demand more than so much,' or: 'You must accept a reduction'. Are we to tell particular trades and industries, or particular employers, what the wages should be? I do not think we are anywhere near that point yet, and I do not know that we had better be near it. . . . I do not think we are heading for the State to take a hand in fixing wages for particular trades or industries, at any rate more than it is pushed or kicked into doing so. . . .
>
> " The Government fully recognise the importance of ensuring that wages settlements—and here the State has an interest—do not upset or thwart the national economic plans, and it is actively considering ways and means of meeting the situation. . . . "
>
> —Hansard (28.2.46).

Another Government statement, slightly different in emphasis, was made by Mr. Ernest Bevin at a conference on production held between Ministers and trade union executives (March, 1946). Mr. Bevin said he had met many people who had the idea that somehow wages ought to be fixed at a certain level by the State. In his view, that would be fatal, but he asked the General Council to make a clear pronouncement on the matter. The Government's policy was to leave the trade unions and the State to settle wages where the State was the employer; and to leave the trade unions to settle wages with the employers where they were dealing with private employers, and to create conciliation, arbitration or anything else they liked in order to settle wages. He thought that the more the trade unions went to the Arbitration Court, instead of settling these things themselves with the employers, the more they undermined their own authority. It was a mistake to think only of increasing money wages. If goods were brought on the market in adequate volume it would be possible to reduce prices without reducing wages, and the increased production could be taken up in greater consumption and a higher standard of living.

The view of the General Council of the T.U.C. was put in an official statement of policy on controversial matters arising from this conference (*T.U.C. Policy on Production*, April, 1946):

> " No responsible authority has attempted to set out in any detail the meaning of the phrase 'National Wages Policy,' the wider implications of any such policy, and the methods and machinery to be employed. Throughout the whole period of the war the dangers of inflation and of the maldistribution of labour, which are alleged now to require the construction of such a national wages policy, have existed in a more acute form than they exist at present. After the most careful examination it was found neither necessary nor desirable to attempt to modify the normal practices of wage settlement, and this policy remained unchanged throughout the war.
>
> " During the war the T.U.C. voluntarily agreed to the prohibition of

> strikes and lock-outs and, as a corollary, to the establishment of the National Arbitration Tribunal to which disputes not otherwise determined must be referred. This agreement still continues in existence, and only recently the T.U.C. has decided not to disturb this practice for the time being.
>
> "The T.U.C. . . . will neither seek nor agree to the imposition of legal restraints upon the right of trade unions to formulate their wages policies and to pursue activities in support of those policies."

It was pointed out that the Government did not intend to modify the system of wage negotiation unless the T.U.C. asked for it—which it was not going to do.

> "The problems of inflation are not centred solely around the volume of money, much less the general level of wages. The T.U.C. has constantly sought to give support to the policy of price stabilisation by encouraging voluntary savings, by advocating the maintenance of suitable economic controls and by endorsing sound taxation policy. As regards the distribution of work people amongst the various industries and services, the alternative to freely-negotiated collective agreements is not the imposition on industry of a wages policy, but the compulsory direction of labour. The T.U.C. cannot contemplate the continuation of the directions to the work people, under penalty of fine or imprisonment, as a means of relieving the Government and other sections of the community of the temporary shortages and difficulties which are a necessary feature of a period of transition."

The complete independence of trade unions in wages policy was underlined in a number of articles appearing in the trade union Press from members of the General Council. Thus Mr. Deakin (General Secretary, T. & G.W.U.) said that proposals for a national wages policy came from " the extreme right and the extreme left " and union agreement with it " might, at some future time, be interpreted as constituting a wage ceiling " which they were not prepared to accept.

Mr. Charles Dukes, now Baron Dukes (General Secretary, N.U.G. & M.W.) in the union's *Journal* for May, said that there should be no danger of a new inflationary run:

> "With the cessation of overtime and the gradual limitation of piece-work, earnings are falling, and at the same time commodity supplies are on the increase. . . . The real way to prevent inflation, so long as a severe shortage of consumer goods exists, is to continue to ration scarce goods; to continue to control selling prices of goods in short supply; and to subsidise certain basic necessities. We must give every inducement to insure maximum production. . . .
>
> "We have built up our voluntary trade union machinery over many years, and I am convinced it would be a grave mistake for any Government to seek to interfere with its activities. It would, in fact, mean transferring the problems as they now exist in industry to the political field. If this happened, grave difficulties would confront any Government, for, in effect, it would mean regulating wages under great

> political pressure from well-organised industrial groups. By-elections would be fought not upon political issues, but upon wage problems. I venture to suggest that those who talk of inflation in relation to a national wage policy completely ignore the fact that whilst wages are an important factor in this matter, salaries and incomes of every kind are equally involved. We should not take lightly to the control of wages whilst leaving the salaried classes, and those who live upon profits and investments, free from control. We think, therefore, that the Government has been wise in relying upon the time-honoured methods of collective bargaining and the good sense of both sides of the industry, to see that no serious danger of inflation necessarily arises."

So far, the issue is clear enough, and the Government and the T.U.C. are agreed upon it. At the same time, the trade unions must be well aware that, although the machinery of collective bargaining is used to handle wage questions, this machinery does not operate in a political vacuum. In the past period of Tory government, there was no formal Government responsibility for wage fixing: but the coalowners looked with confidence to the government in 1921 and 1926, as the railway directors, engineering employers and capitalists generally did in 1931, to help them to keep wages down. In the present period, the Government is bound to exert its influence to some extent where a wages issue threatens to endanger its economic and social programme; and the Labour movement is entitled to expect that the Labour Government's influence will be in the direction of meeting the workers' demands. The responsibility cannot in practice be evaded.

The issue has been raised sharply several times since the Labour Government took office. The negotiations in the railway industry, which threatened to break down in August, 1945, were carried on and a number of concessions obtained after the Minister of Labour had intervened in the talks. A similar position arose in the docks' strike in October and November, 1945; the Minister of Labour at first took the line that he could not intervene, especially as the strike was unofficial, but later set up a Court of Enquiry which recommended a 3s. a day increase.

In agriculture, the farmworker's claim for an increase in the minimum wage from £3 10s. to £4 10s. was at first (January, 1946) flatly rejected by the Central Agricultural Wages Board. The unions interviewed the Minister of Agriculture, who said he had no power to intervene in regard to any decision of the Board. The unions then approached the Minister of Labour either to use his influence to get for the farmworker a wage comparable with other industries, or to remove labour control from farmworkers. In principle, the Government never admitted any direct responsibility (although the fact that it fixes farm prices, supplies prisoner-of-war labour, and appoints the

Wages Board made this view rather difficult to sustain). However that may be, the Wages Board, after turning the claim down twice in six months, on May 1 decided to recommend an increase in men's wages to £4 and women's to £3 (10s. each), and the Government sanctioned an increase in the controlled prices.

In the brickfields, where labour shortage was causing a hold-up in housing, the employers' resistance to the union's claim for an increase was broken after the Government had given, first general declarations that wages in the materials industries should be raised (Hansard, 28.2.46), and later much more specific statements which found their way into the Press; an increase of 3½d. an hour resulted.

There is thus plenty of practical evidence that the Government is not, and cannot be, completely neutral in wage matters. It is forced, indeed, while working for higher living standards in the Parliamentary field, to help or hinder the struggles of the unions to secure those standards on the industrial front. At the moment the Government's intervention is largely informal and off-the-record unless events push it into the open. It may be questioned whether, when the Government does step in, it would not be better and more democratic if it were open intervention, and the Government could be held accountable for its policy to the whole Labour movement. Otherwise "neutrality" may end merely in the use of troops as strike breakers.

It is not enough to point to the danger of unofficial strikes. In the absence of a positive policy by the Government for securing that the workers' demands are met without recourse to large-scale strike action, and that wage increases necessary to improved production are made in time, there are likely to be, on the one hand, serious stoppages of production (unofficial so long as official action is legally banned) and, on the other, great difficulties in securing manpower for essential work. So far the Government has been handicapped in formulating such a policy, not so much because of the difficulty of reconciling sectional interests within the Labour movement as because of its desire to proceed by agreement with the employers. This is reflected, not only in Government statements on wages policy, but also in the increased indirect taxation falling on the workers in recent Budgets, and the warning that food subsidies may be decreased, resulting in a rise in prices, while taxation on the higher income-levels and on profits is reduced.

A general statement on the economic situation and its relation to wages policy was issued by the Government in January, 1947, after consultation with, and with the full endorsement of the National Joint Advisory Council (a body consisting of 17 representatives of the British Employers' Confederation and 17 of the Trades Union Congress). It is clear that a wages policy which commands the " full endorsement " of both the employers and the unions is not likely to be very decisive; and beyond stressing the importance of increased production as the means of securing permanent improvements in real wages, the document did not give any clear lead.

But while its emphasis on the dangers of inflation has not prevented a steady increase in dividend distributions, it may have influenced Arbitration Tribunals to harden against wage claims in 1947 (the builders' claim for 6d. an hour early in 1947 is an outstanding case). The Government's own independent " Economic Survey for 1947 " states that " further general increases in wages and profits " must depend on an increase in productivity. This could be construed as broadly favourable to wage stabilisation. Prices and profits are, in practice, increasing; and the unions' confidence in arbitration is waning still further as a result of statements of this kind. The hostility of many union spokesmen to all suggestions for a wages policy is likewise based on the conviction that what is really being demanded is a wages stop.

The immense goodwill of the working class towards their Labour Government, and their keen sense of responsibility for its success, have so far prevented the stoppages in key industries becoming prolonged, nation-wide conflicts fought to the end. But there are real dangers to the unity and strength of the movement none the less. Even where there is no actual stoppage, a sense of resentment and frustration over wage negotiations long delayed prevents an all-out effort for production on the job. It is a bad foundation for the new initiative and enthusiasm now demanded from the workers. For the workers do not judge the whole economic policy they are asked to work and sacrifice for as something quite distinct from their own relations with their own employers. If they are convinced that their own capitalists are "getting away with murder," their confidence that the working class will get anything out of increased production is bound to be undermined.

There are a whole number of ways in which the Government's policy can assist the fight of the trade unions for higher standards, without in any way limiting their right to struggle for the best wages and conditions they can get; and such assistance is the best guarantee that the industrial movement will strengthen and reinforce the political advance.

First, the Government's own general economic policy should be clearly stated, in favour of a rising level of wages all round, and reduction in prices, as the basis for increasing prosperity and efficiency. This is necessary as a general warning to employers and arbitration tribunals; it affords a common starting point with the workers for the discussion of particular claims. The general policy should, as Mr. Morrison has indicated, be supplemented by the collection and publication of much more detailed economic information by the Government. In particular, the detailed material on profits of firms available from tax returns should be published by the Government and thus free the unions from dependence on the scrappy or window-dressing accounts the directors see fit to issue; this should cover private companies also. Up-to-date information on production and productivity, nationally and by industries and regions, is another urgent requirement which the Government needs to meet in this field. The manpower and production targets the Government aims at in each industry and region should be published, and the workers' aid sought in achieving them. This is the basis for breaking down the employers' monopoly of " inside information " and laying the basis for democratic discussion on wages issues.

Further, the Government needs to show, in deed as well as word, its determination to prevent price rises and to bring prices down as productivity increases. Where necessary, it may have to levy taxation on the rich to subsidise prices temporarily in a particular industry so that higher wages can be paid, while taking drastic steps to see that the employers increase productive efficiency or get out.

Next, the Government's wage policy in relation to its own employees is bound to exert a great influence on national wages trends. At present, there is considerable dissatisfaction in the Civil Service and the Post Office about the slowness in meeting claims and the refusal to implement equal pay immediately.

The old formula, under which Civil Service conditions are determined by the ruling wage levels in outside industry, has been explicitly rejected by Mr. Bevin in favour of the view that the State ought to be the good employer who sets a higher standard for others. It remains to carry this into effect.

If a forward policy is applied in the nationalised industries, it will enormously strengthen the prospects of successful and efficient working there, and also influence conditions in outside industry (since over two million workers will be directly affected).

Further, the Government will need to intervene sharply where wage improvements are being withheld with serious effects on national production. This arises especially in connection with wage increases in the undermanned industries; equal pay for women to increase the numbers attracted to industry and break down restrictions on their employment; and the establishment of a minimum adult wage guaranteeing a livelihood.

The urgent necessity for this is recognised in a resolution moved by the National Union of Mineworkers and passed at the 1947 (Margate) Conference of the Labour Party.

"This Conference having regard to the critical economic situation

> which prevails, and which can only be satisfactorily resolved by a realisation of Labour's policy of 'Full Employment,' calls upon the Government to institute such measures as are deemed necessary to ensure that the "undermanned" industries shall be provided with an adequate labour force.
>
> "It declares that the only permanent and satisfactory solution of the manpower problem in the coalmining industry and other such industries is to raise the status and standard of living of the workmen employed therein to such a level as will attract sufficient British workers.
>
> "This Conference considers that further delay in the adoption of satisfactory wage standards and conditions of employment within such industries constitutes a threat to the whole economic policy of the Government, and it therefore urges that immediate and urgent consideration be given to the whole matter."

The trade unions are, in many cases, already pressing claims along these lines and will continue to do so. The responsibility of the Government is not to impose a settlement on the unions, but to ensure that recalcitrant employers are brought into line so that the necessary changes can be made rapidly. If the trade unions were convinced that this was the policy being followed by the Government, then its intervention—whether through a Court of Enquiry or through other means—would not be suspect in the way it undoubtedly is today.

For example, where the national economy is endangered because the wages in a vital undermanned industry are too low to attract labour, and the employers refuse to grant increases claimed by the unions, the Government would be fully supported by the unions if it intervened without hesitation or apology. Fact-finding enquiries may help, but they are not enough unless there is a clear policy to guide their final recommendations, and in the last resort the sanction of direct Government intervention. Such intervention is likely to be necessary in many of the seriously undermanned industries, because the change in wage rates required to attract labour in full employment conditions (by contrast with those prevailing under pre-war unemployment) is so great that otherwise it is unlikely to be made without serious stoppage.

Again, where a new wages structure on modern lines has been worked out and agreed upon by the unions concerned (as it has, for example, in the engineering industry), full Government support would be decisive in compelling the employers to accept it.

It is often argued that Government intervention on these lines (on behalf of the undermanned industries or sections) is practicable only if the trade union movement agrees not to press other claims: otherwise the previous pattern of "relative wages" would quickly be restored and the only change would be a greater inflationary pressure.

This reasoning I believe to be fallacious. Experience shows that where a really sweeping increase is given to some one section on the clearly-stated grounds of its national importance, every other group of workers does not immediately demand an increase merely so as to restore the previous wage relationship.* In fact, the relative wage position of, for example, miners and agricultural workers is already quite different from pre-war, though not yet as high as is necessary.

The war-time and post-war record of the movement certainly does not suggest that the unions are likely to take advantage of any Government assistance in dealing with the employers to put forward extravagant claims which cannot be met. The evidence, indeed, is rather the other way, of an almost excessive reasonableness in pressing demands. Closer control of prices and profits, and clearer understanding in the trade union movement of the Government's future economic plans, are the real way to secure a steady and orderly advance in real wages. A " wage-stop " would strike at the root of the co-operation between the Government and the unions at this stage, since it would in practice mean increasing the power and wealth of the capitalists.

Some trade unionists have objected to any Government intervention on behalf of particular groups of workers, on the grounds that it would prejudice all other wage-claims which did not secure this special backing. This objection appears to be founded on the old assumption of a fixed Wages Fund to be divided between various sections, which we have already seen to be fallacious. In practice, it just is not true that a large wage increase for, say, miners or textile workers prejudices the claim of engineers or clothing workers, but rather the reverse. An increase to miners which results in a larger mining labour force, and, the production of more coal, guarantees the power and steel to maintain full employment in engineering, and hence creates favourable conditions for the wages fight there.

There remains a heavy responsibility on the unions. The Government can assist them to some extent in their battles with the employers. But it is their own task to bring the workers into the fight for production, and in doing so to work out those forms of wage-structure, grading, bonus schemes and so on which are favourable to increasing production and to raising the standards of their members as a whole. Trade union wage policies must be formulated with this fact increasingly in mind. It is not the employers, but the working class, who have today the decisive interest in fighting to prevent an under-production crisis in Britain.

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* For example, the £5 minimum for miners underground did *not* immediately start another set of demands for £5 a week. The stabilisation of miners' wages till 1948, in a period of rising prices, when other workers were free to go for increases, was an anti-productive blunder which could easily have been avoided.

To sum up, then, there can in practice be no " non-intervention " or " neutrality " policy by the Government in wages matters. What is essential is that its general guiding attitude should be in favour of raising wages in order to raise production, and restricting the share of profits. Its interventions must be consistent with this general policy and must be made in close co-operation with the unions. Unity between the Government and the unions in this matter will be secured to the degree that the economy as a whole is moving towards national ownership and control by a State in which the people themselves participate.

It may be objected by some Socialists—and perhaps by some capitalists—that all this falls very far short of the planning of wages which exists, say, in the Soviet Union. There the total amount of the national income to be allocated to wages is planned in advance; so is the allocation to each industry and each factory, on the basis of negotiation with the trade unions; wages are in general allowed to exceed the planned level only if productivity also exceeds the target. Why not this kind of planning for Britain? Why allow so much more freedom to the trade unions to bargain as best they can?

The answer is very simple, but it seems to need saying. In Britain industry is still run for private profit. In the Soviet Union it is not. In Britain, the State is still accordingly staffed largely with representatives of capitalist interests. In the Soviet Union it is a State of workers and peasants, without conflicting classes.

There are today countries—for example, Czechoslovakia—which, though not yet Socialist, have reached a stage where the greater part of their industry is nationalised; there is a great measure of planning and of workers' participation in management and control. If in Britain the employers had been so far weakened as this, changes in trade union policy (in the national co-ordination of wages policy, for example) might become not only acceptable, but desirable to the unions. But this is not the stage that has been reached today, though we may be moving towards it.

If and when the Government, in consultation with the unions and technicians, works out a national production plan and the measures for securing its operation industry by industry and factory by factory; when it is able to show that year by year under such a plan the workers' living standards will steadily improve and their share of wealth and power will grow at the expense of the capitalists' profits—then the practical basis for a more co-ordinated and planned policy in the trade union movement in regard to wages will be laid. At present the basis is not there. The wages fight is anarchic because the economy is so: and it will take a greater degree of nationalisation, and much more drastic and detailed planning and controls of privately-owned industry, with the sharp edge turned towards the capitalists, to produce a radical change in the situation. Where the greater part of industry is State-owned, and the State machine itself is closely linked with and manned by the working people, a new approach to wages policy becomes possible.

Meanwhile, the movement here will not further its struggle for the end of capitalist rule by deluding itself that the battle is already won, and adopting towards the old, case-hardened British employing class the attitude and methods that their fellow trade unionists in the U.S.S.R. adopt towards their managements. Even a nationalised industry, within a predominantly capitalist society, is subject to the employers' class pressure for lower wages and higher profit (witness the fight of the Tories in relation to cheap coal), and it is impossible for the mining or railway unions to ignore this and to behave as though they, at least, were living on a sort of Socialist island in the capitalist sea. The right policy must be for the two arms of the organised movement—industrial and political—to work together to raise the living standards of the people at the expense of profits, and to extend the democratic planning of industry, as the next stage on the road to Socialism in Britain.

XIII—Nationalisation and Socialism

The wages problems of nationalised industries are today on the immediate agenda.

In several of the industries to be nationalised in Labour's first term, the discontent of the organised workers with their low wages and poor conditions has been one of the main factors in the pressure of the unions for nationalisation. In mining, in particular, it was the inability of the industry to pay wages that would attract and keep a sufficient labour force that brought the urgency of nationalisation home to the country—and in so doing played a considerable part in Labour's election victory. The settlement of these problems is bound up with the success of nationalisation.

The working class as a whole, and in these basic industries in particular, expects much from nationalisation. The immediate tasks are tremendous—to make the industries the State owns attractive to work in; to provide Britain with efficient services that will strengthen the whole economy instead of being a drag on it; to assist in the development of economic planning and full employment; and in the process to open the way for more and more democratic control by the working class over the country's economic life.

To expect from nationalisation of a few industries with compensation the benefits of Socialism would be a dangerous illusion, leading to frustration as the cold facts made themselves felt. The unions have no such illusions, as the debates at the T.U.C. clearly show, with their emphasis on the continued capitalist character of the economy. It is another matter to argue that nationalisation has nothing to do with the winning of Socialism. The more striking the achievements of the nationalised sector of industry, the more it demonstrates the ability of the people to plan and organise independently of the private capitalist, the stronger will the pressure be for an economy fully owned and controlled by the people.

The workers engaged in a nationalised industry have a specially powerful interest in the success of that industry, technically and commercially. They stand to benefit as consumers from cheaper transport or electricity or more plentiful coal. They will also expect to benefit as workers from the fact that technical improvements and advances are made without imposing an additional heavy burden of profit to the stockholders; so that as efficiency improves there should be a steady improvement in their conditions. Their attitude on questions of wages and working conditions will undoubtedly be affected by these facts; and, in particular, they will be much more likely to consider favourably new departures which will help in raising efficiency if they themselves play a part in shaping reorganisation.

At the same time these nationalised industries will still exist within capitalism and will be affected by the general pressure of capitalism to keep wages down. Even under a Labour Government there will be lobbying on behalf of industries using the nationalised services; there will be powerful pressure by industrialists and rentiers for reducing taxation on their wealth; and there will be the burden of compensation and interest payments to former stockholders—in effect a continuation of private profit on a limited scale. Hence, the pressure of the trade union movement for improved wages and conditions will continue to be extremely necessary.

If these problems are to be successfully solved, the Government and the Boards of Management will have to avoid the penny-wise pound-foolish methods which have been handed down from private ownership, and act on the belief that the goodwill and confidence of the workers are the most important guarantee of success and their contribution to management a vital one. This will enable the trade unions on their side to make a bold, new approach to their problems in line with the new opportunities open to them. As Mr. W. Lawther (President, N.U.M.) put it at the 1946 Labour Party Conference:

> ". . . You cannot treat people in a certain way for more than a century in any industry and expect, within the first few weeks of a Labour Government, that those men and their offspring should suddenly become Stakhanovite conscious. . . .
>
> ". . . You cannot go on appealing to the miners always to send their sons into the industry. We have done our share in relation to the sphere of education, but the more that our people are educated

> the further they go away from the pits. We realise that that outlook has got to be changed now. It is not going to be changed by appeals. . . . The changed outlook in this industry is going to come by changing the conditions. . . ."

The wages in Government employment at the time when the Labour Government took office were governed by the so-called " Tomlin formula " laid down by the Royal Commission on the Civil Service in 1931, which recommended that the Government should pay wages reflecting " the long-term trend both in wage levels and in the economic condition of the country." The Civil Service unions have always strongly resisted this conception that the Government should merely follow the example of private employers, on the grounds that (1) it meant determining Civil Service wages by negotiations between other bodies and not by their own organised strength, and (2) that the Government ought to set the example and act as a model employer, thus helping to raise wage standards all round. This argument becomes even stronger when the Government is proposing to take over something like a fifth of the industry of the country. The wages paid in the nationalised sector cannot but have a great influence on those paid elsewhere.

Mr. Bevin has already hinted that the Government is in favour of dropping the restrictive conception of " fair relativity."

> "It is not fair to say that the Treasury follow the best employers. They do not. The Treasury follow the basic agreements, a far different thing from the practice of the best employers. The Treasury have never been willing up to now—we hope to improve them with a little pressure—to become a model employer."

There can be no doubt what the trade union movement expects of the nationalised industries in this respect. It expects them to be the pacemakers for general industrial advance—in wages, working conditions, training, welfare services, and every aspect of labour conditions. The influence they might have in this respect is faintly foreshadowed by the effect of canteen and welfare services in the wartime R.O.F.s in stimulating the demand for such services in private industry. The position of a worker in a nationalised industry should be an encouragement and not a deterrent to further nationalisation. In the 1945 election campaign, the Tories tried to win support against nationalisation by pointing to the low wages and lack of democracy in the Post Office as an example of what the railwaymen or electricians might expect. That line of argument ought not to be available for them in 1950.

The Labour Party Conference in 1946 passed a resolution urging that in nationalised industries the Government should secure by reorganisation working conditions of a *higher* standard than in private industry, as well as opportunity of promotion, extensive use of

Workers' Advisory Committees, and extension of economic democracy. The general approach of the movement is clear.

The Financial Basis of Nationalisation

The amount of the charge the industry has to meet for compensation to former stockholders will, of course, play a great part in future negotiations on wages and conditions. Where an industry is simply confiscated (as in the U.S.S.R., or in the case of Fascist properties in Czechoslovakia and Yugoslavia since 1945) the whole of the profit in future becomes available either for capital improvements, for lowering prices or for raising wages. Under nationalisation with compensation, the amount of profit is defined and limited, and the capitalists who draw this particular profit are divorced (to a greater or lesser extent) from the control of the industry; but a profit still remains, usually a guaranteed profit, based on the actual profit in a past period. In some past cases of transfer nominally to public ownership (e.g., the L.P.T.B., the French State railways) the interest charges on compensation were actually higher than the profits of the private company had been, and formed a barrier to improving labour conditions.

Hence the trade union movement, as part of its struggle on wages, naturally endeavours to keep down the amount of compensation, that is, the fixed amount of surplus value which its members will be expected to provide.

The T.U.C. in 1945 set out its views on compensation in a special memorandum, the main points of which were:

> (1) "Fair compensation" should be paid, based on reasonable net maintainable revenue multiplied by a number of years to be agreed. This formula, however, should exclude high wartime profits, and should "permit special consideration of that part of past earnings which has been due to monopoly or semi-monopoly activities, or to any direct or indirect subsidy previously granted by the State."
>
> (2) The capitalisation of the new undertaking should be computed apart from what has been paid in compensation, and should be fixed at a figure which is reasonable, bearing in mind that it will be operated as a public service and not, as in the past, for maximum profit. Over-capitalisation might make it difficult to give good wages and conditions, or to show successful financial results, and might thus hinder the extension of nationalisation.
>
> (3) Compensation should be paid in Government stock divorced entirely from the industry and carrying a fixed rate of interest. The security having been increased, the rate of interest should be lower than that on the stocks of the private undertakings replaced, and "attempts to balance past dividends with future receipts are out of place."

The railway trade unions at the 1946 T.U.C. sponsored a strong resolution on this issue, which was carried:

> "That this Congress calls the attention of the Government to the general concern felt by the workers at the probable financial terms of compensation to be paid to the shareholders of industries when taken over by the State. It feels that any compensation should only be agreed upon after a detailed examination of each industry's financial affairs.
>
> "Congress asserts that it will create a severe burden upon the economy of the nation if high interest charges have to be borne by a nationalised industry because of over-generous compensation payments.
>
> "Congress therefore declares that, before any Parliamentary legislation is adopted, due regard shall be paid to the representations of those who have to operate the nationalised industry. . . ."

The general verdict of the capitalists on the compensation terms so far is that they are not ungenerous—if, that is, one ignores the verbiage and studies the Stock Exchange quotations.

The annual profit now to be provided, both in mines and railways, is likely to be less than in a good pre-war year, mainly because the interest rate on general Government stock (which will be issued in exchange for shares) is the relatively low one of 2½ per cent. On the other hand, it is guaranteed in all circumstances, which was much more than could be said of the future prospects of mining and railway profits.

So far, the major industries for which proposals have been announced (mines and railways) have been industries on the downgrade for profits. They are not a guide to the terms likely to be paid to industries which were and are highly prosperous. Both steel and electricity companies are extremely wealthy, thanks largely to the exploitation of a monopoly position. In view of the importance of both to the general economic system, the T.U.C. may well feel it necessary to press its views on compensation very strongly.

The Government's decision to compensate the former coal stockholders in general Government stock, rather than in stock attached to the particular industry, means that the industry is not legally obliged to earn in any one year the amount of surplus value required to compensate the stockholders.* The compensation interest will be paid by the Exchequer, which will require repayment from the industry at the rate it thinks fit over a period of years. It was made clear by Mr. Shinwell that so far as the mines were concerned it was not intended that this should involve a permanent subsidy ("there is no charity about the proposals"), but merely flexibility in the payments made by the industry. It does mean, however, that the Government cannot be legally driven into a corner where the industry must earn, say, £10 million before even the most necessary wage increases or price reductions are made. Such a situation as arose on the L.P.T.B., where the Board claimed full legal backing to raise fares without regard to public hardship, need not arise under these provisions, since, if necessary, the compensation not paid for by the industry could be met from general taxation.

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* The same result is ensured in the Transport and Electricity Bills by clauses providing that interest on the compensation stock will be paid by the Treasury, and repaid from the industry "in such manner and over such period as the Treasury may, after consultation with the Minister, determine."

A word needs to be said at this point about the question of subsidies and interest-free loans to nationalised industries. Some supporters of nationalisation feel that these are always quite impermissible; that they offer a way for the Government to satisfy the immediate pressures upon it, say to increase miners' wages and keep down the price of coal, while dodging the fundamental issue of making the industry more efficient.

This is, no doubt, a possible misuse of such financial aids. But it is not an argument for opposing them in all circumstances.

Some of the industries which are to be nationalised have been allowed by their private owners to fall into such a condition that they are, for the present, incapable of providing the goods at a reasonable price or paying the wages and conditions needed to attract and keep the labour force they require. If, for example, the wage demands of the miners were to be kept within the limits of what the industry can pay for the next four years on the basis of existing prices, it is unlikely that the industry could attract recruits to produce enough coal to keep the country going, even without any exports at all.

It is no answer to say that the miners ought to wait for their charter until the productivity of the industry has increased. It can only increase if, in addition to the labour needed to produce coal day by day, a further labour force is available to sink new shafts and drive new roadways to enable the full benefits to be got from modern machinery; and the Government cannot get such a force without wage improvements. Tying the men to the industry solves nothing, because, while it prevents the labour force melting away, it also forms a strong deterrent to new recruitment.

If more money has therefore to be found in any case, it may be desirable to raise it in the form of taxation on the higher incomes, rather than a rise in coal prices (which falls heavily on the workers) or an investment (which will not be represented by any capital assets). The important thing is to secure that no financial obstacles are allowed to stand in the way of increasing the strength and efficiency of the key industries, and that there is no laxity in the use of public funds or in accounting. The power to subsidise a certain sector of industry out of general taxation may be (as it was during the war, and is in U.S.S.R.) an instrument of economic planning, a means of concentrating economic resources at a strategic point in order that the whole economy can advance.*

In general, it can be said that the need to meet compensation payments out of general taxation will tend to arise where compensation payments are fixed too high, and that the way to restrict it to a minimum is to keep these payments down.

Price Policy

It is a commonplace in the Tory propaganda Press that nationalisation is going to mean " soaking the consumer "; that the Government and the unions concerned in nationalised industries will get together and agree on a policy of monopoly prices and high wages, to the detriment of the nation as a whole. The talk about trade union tyranny leads in this direction. Workers in these industries—especially those who have built up relatively decent wage standards under private ownership—may have an uneasy feeling that whereas previously the whole Labour movement would back their demands for a wage increase, now they will be met by their employers with the argument that " the national interest " forbids such a thing, because prices must at all costs be kept down.

There can be no doubt that the Tories will try to prevent the success of nationalised industries by attacking and trying to prevent wage increases; and whatever the prices charged by the industry, if they include a decent standard of life for the workers concerned, and a proper provision for capital development, they will probably be stigmatised as monopoly prices.

It was significant that in the debates on the Coal Mines Nationalisation Bill the Tories concentrated a great part of their fire on the question of prices. They demanded, among other things, that the Coal Board should be closely tied down on the matter of prices; that the two consumers' advisory councils (one domestic and one industrial) should be given added powers to determine prices instead of merely advising the Minister; that it should be illegal for the Board to charge different prices for the same coal to different users (though the colliery companies had always done this); and in general that prices should be shifted away from the control of the Minister and of Parliament.

The Government firmly withstood all these suggestions, which would effectively have deprived the Minister and the Board of their freedom of action in relation to wages and conditions and reorganisation of the industry.

The policy of the Government is " consistent with modern conditions of labour and the highest standards of wages for those employed in the industry, the cheapening . . . and . . . the modern utilisation of the product."* Any agreement which tends to tie wages to prices either directly (like the melters' scale in the steel industry) or indirectly (as in the profit ascertainments made for computing miners' wages, which are greatly affected by prices) is likely to cause unnecessary difficulties by giving the workers a vested interest in the high price, rather than in improved efficiency and productivity.

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* The case for subsidising nationalised industry is cogently argued by Mr. Ernest Davies, M.P., in *National Enterprise* (Gollancz, 1946).

The means of reducing prices in these industries will have to be sought, not in some kind of wages stop which penalises the worker in nationalised industry, but in increased efficiency, mechanisation and more economical organisation of the work. The railwaymen, for example, will make their contribution to cheaper and better transport, not by putting up with wages and conditions as they are, but by the positive democratic part they play in suggesting and carrying through measures of reorganisation and more efficient working.

New Wage Structures

In every nationalised industry there will be a great deal of levelling-up and simplifying of wage agreements to be carried out. In some cases there are no national basic rates for the majority of the workers (for example, in iron and steel, gas and electricity supply† basic rates for the majority are negotiated on a local or district basis); in others national rates are only a minimum (mining). The wage structure of a nationalised industry is expected to " make sense " in a way that those of privately-owned industries do not.

Tradition and custom play a large part: and it may be impossible here and there to move at one bound from the most fragmented systems of rates and conditions to one national rate for the job. But long steps in that direction will have to be taken if the future technical and economic development is not to be bedevilled by low wages in some works and areas.

In particular, the nationalised industries will need to set an example in the facilities and incentives they give for workers to train for more skilled work, as well as for technical and administrative positions. The railways have been notorious employers of a large number of youths in blind-alley jobs (as van boys, for example), and failed to provide any all-round modern training for workshop apprentices. In coalmining there was no regular training organised for youth until late in the war when conscription made it necessary. Selection of higher staffs genuinely from the ranks is essential; so is the simplification of the present complicated grades and sub-grades into a clear-cut, easily-grasped structure providing a living wage at the bottom and a proper graduation for increasing skill, effort and responsibility.

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* Mr. Shinwell at 1946 Labour Party Conference.

† Now remedied, see footnote on p. 148.

The principle must be one of levelling up, not down, in all cases where changes have to be made, even if this means taking several bites at the cherry and leaving some obvious anomalies in existence. This may appear, on the face of it, expensive and untidy; but it is much more expensive, in the long run, if the nationalised management forfeits goodwill by wholesale cutting of some workers' wages for the sake of uniformity.

Wage claims in the nationalised industries are likely to be very closely concerned with the improvement of efficiency. The work of Joint Production Committees and consultative machinery concerned with the actual running of the industry will have as much to contribute as direct wage negotiations. It is too early to say exactly what form this joint consultative machinery will take, though statutory provision for its establishment has been made under the Coal Mines Nationalisation Act. But the stronger and more authoritative the worker's position is in this respect, the more easily are wages problems likely to be dealt with by the negotiating machinery. Trade unionists appointed to boards of management have, so far, been given special responsibility for labour and welfare matters rather than for the productive and economic side, which has been allocated in the main to business men. If this were to harden into a permanent restriction, the effects on incentive and enthusiasm among the workers might be serious.

A more precise measurement of productivity in the nationalised industry will be needed in order to ensure that part of the benefits of improved technique and greater effort comes to the workers directly concerned; this will facilitate the introduction of bonus and payment by results where necessary. In some cases (such as electricity) the devising of a yardstick should be comparatively simple. In others, where the product and the conditions of production are more varied, it will be complicated, but it is essential if wage negotiations are to be carried out in the right setting, and if the necessary support is to be given to the work of Joint Production Committees and national consultative machinery.

Increased efficiency is likely in certain industries (notably in transport) to involve a certain amount of displacement of workers, at any rate locally. The T.U.C. has argued that the Government should recognise claims on behalf of such workers to financial compensation for the loss of their jobs; the Government has accepted this in principle, but is anxious to avoid burdening nationalised industries with onerous provisions. Arrangements are accordingly to be worked out separately for each industry in consultation with the unions concerned.

The Government's argument that " nationalisation and full employment will greatly benefit the working population, and this should be taken into account in making provision for compensation " (T.U.C. General Council Report, 1946) is a strong one. If full employment is secured over a period of years (as distinct from a brief post-war boom) the point will cease to have much importance. Meanwhile the argument that workers at least as much as capitalists are entitled to compensation is difficult to resist. To refuse compensation on the grounds of cost, and then meet inevitable opposition by the unions to schemes of reorganisation which would displace their members, would be a very poor economy in the long run.

To sum up, it would not be much use talking about "a new morality" in nationalised industry without tangible improvements to the workers, both in status and in standard of living. The workers have been warned not to expect on the morrow of nationalisation the satisfaction of all the demands that private ownership has refused to meet. But they do expect some change, and a programme and time table for the greater improvements to come. The understanding of this is decisive for success in the practical working of nationalisation.

From Nationalisation to Socialism

So far we have been concerned with wages under nationalisation within a system which is still predominantly capitalist. The Labour movement, however, is also beginning to look forward to the time when its growing strength will achieve Socialism—a system, that is, in which production generally is carried on for use and not for profit, and the exploitation of one man by another is brought to an end.

The difference between Britain now and Britain in 1939, between Labour and Tory Government, is one of great practical, and greater potential importance to the workers. Yet one must remember that from the point of view of a citizen of the future Socialist Britain, both will appear as periods in the dark age of capitalist oppression, and the similarities between them as greater than the differences.

In discussing wages under Socialism we must inevitably draw heavily on the experience of the U.S.S.R.—the *only* practical experience which as yet exists in this field.* It is not my purpose here, even if I were qualified, to give a comprehensive account of wages structure in the U.S.S.R., nor do I suggest that wage developments in Britain, when the time comes, will necessarily follow exactly similar lines, especially since Soviet methods are themselves experimental. I have attempted merely to raise a few questions which are likely, in one form or another, to confront any country emerging from capitalism to Socialism; and it is certain that the British trade unions can learn much from Soviet experience in tackling them. The average standard of housing and clothing in the U.S.S.R. may be lower than in Britain, U.S.A. or New Zealand; nevertheless the society and the laws of its development—including the development of wages—already belong to an epoch in advance of our own.

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* The experience of Czechoslovakia, Poland and Yugoslavia, which would be of the greatest interest in connection with the problems of transition, is still in the early stages, and not enough information was available at the time of writing to attempt to include it.

What is New in the Wage Question Under Socialism?

The drive of the organised workers to increase real wages is carried forward under Socialism; but both the methods and the significance of the wage struggle are transformed.

The fundamental change arises from the fact that under a Socialist system all incomes are derived from work, and no conflict arises as to how the product of industry is to be shared between wages and private profit, between working class and capitalist class. The whole product of labour is used for the benefit of labour, either immediately in the form of consumer goods—food, clothing, houses, social services—or in the form of capital accumulation and the development of heavy industry, for the purpose of increasing output and living standards in the longer run and defending the Socialist State against attacks.

This does not mean, of course, that no conflicts arise as to what the level of real wages should be in a given industry, or in industry as a whole, in a Socialist society. There is, for example, the question how much of the country's resources should be used for capital accumulation, and how much for the improvement of the supply of consumer goods making possible an increase of real wages.*

Problems again arise in determining how far increased productivity should be met by increased wages to the workers concerned, how far by lower prices benefiting other workers and independent producers (e.g., in agriculture). There are a whole variety of issues as to how relative wages should be fixed for different types of work and grades of skill. There can also be conflicts between the workers and a lax or bureaucratic management—as when the Soviet railway unions recently successfully resisted an order of the Ministry of Railways to work overtime and Sundays, in contravention of the labour code which restored the eight-hour day after the war ended. (*Soviet News*, 6.9.46.)

But precisely because the contradictions involved in these questions are not *class* contradictions, it is possible to arrive at an agreed solution in the interests of society as a whole, in a way which is impossible under capitalism. Every wage settlement under capitalism, however favourable, involves the acceptance of injustice and exploitation by the workers concerned. They are always getting, individually and as a class, less than they might in order that the capitalists can get more. Therefore it is only possible to regard a trade union *agreement* under capitalism as a truce in battle; whereas under Socialism a trade union agreement defines the agreed responsibility of workers and managements in carrying out a plan of economic development, which in its turn has been democratically agreed upon by the people as a whole.

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* On this point Voznesensky (now head of Gosplan) wrote in the course of an article in 1932:

> "There exists a relative contradiction between accumulation and consumption. But this is only a contradiction between the present and the future. It does not contain antagonistic class contradictions."

(*Bolshevik*, Jan. 30, 1932: quoted in M. Dobb, *Soviet Planning and Labour in Peace and War.*)

It is clear that in this situation struggles with the management about the rate of money wages are not the central point in the workers' organised efforts to improve their conditions. Thus the Iron and Steel Trades Confederation delegation who visited the U.S.S.R. in 1945 comment:

> "We do not wish to suggest that the unions have little to do with wages, but there is nothing like the effort devoted to this question as there is with us."

Of course not; since wage increases which are practicable with the given level of production do not have to be wrung from a hostile management at the expense of profit. As Sidney and Beatrice Webb put it in *Soviet Communism : A New Civilisation* (p. 173):

> "The Soviet trade union is not formed to fight anybody. . . . The pecuniary interest of its members is found in the productivity of Soviet industry in general . . . and it is the aggregate productivity, not anybody's profits, on which the standard wage rates of all of them will directly depend."

It does not follow that the relations between trade unions and management in Socialist industry are likely to be without practical problems, especially in the earlier years of Socialism. Some of the problems as they arose in the U.S.S.R. are indicated by A. Baykov in the conclusions of his survey of Soviet economic history:

> "One of the fundamental problems of the *transition* period was to evolve a new relationship between the working masses and their trade unions on the one hand, and the managerial and higher technical personnel on the other. . . . The problem of overcoming the psychological antagonism inherited from the competitive system, when the workers' interests, represented by their organisations, conflicted with those of the management and the higher technical personnel, loomed large among the difficulties confronting both the organisation of the enterprise's management and the readjustment of labour relations. The masses took a long time to rid themselves of their psychological antagonism to representatives of the management and to authorities in general, and to overcome their resistance to administrative measures for raising labour productivity; conversely, many repre-

> sentatives of the former higher technical personnel found it very difficult to adapt themselves to the new ways of managing enterprises and to readjust their relations with trade unions and the working masses. This psychology of antagonism between workers' organisations and managements gradually died out, but only when a 'working-class intelligentsia' drawn from among the working class itself and nurtured in the conditions of the Soviet system came into being, whilst, at the same time, various forms of social labour incentives were growing and expanding. Gradually, too, trade unions came to alter the aim of their activities and their ways of collaborating with managements of enterprises with the object of raising labour productivity, strengthening discipline and elaborating wage fixing, etc. In this connection, the evolution of the U.S.S.R. trade unionism is worthy of special study by any serious students of practical possibilities of transition from the competitive to the planned system of national economy."
>
> —(Soviet Economic Development, N.I.E.S.R., 1946, p. 355.)

Wages Part of the Plan

In a planned Socialist society wages form part of the plan. That is, the production plan includes certain targets for production of consumer goods, which will determine the general level of real wages that can be reached in the period. The division of the total real-wage bill among the different industries and factories is also determined in outline in the plan (through financial budgets for wages as a whole, for each industry and enterprise, and plans for reduction of prices). Allowance has to be made for the portion of consumer goods distributed through the social services and for non-wage incomes (pensions, sick pay, incomes of collective farmers or independent craftsmen, and so on).

Relative wage levels in the different industries and grades will be designed to attract workers to heavy or difficult work, and the financial budget for those industries will be framed accordingly. Wage agreements between the unions and the State as employer have, therefore, to be made within the general framework of the plan for their particular industry or factory. Output above the target should make possible wage increases above the target.

At the same time great skill is necessary in negotiating bonus systems and local variations to ensure flexibility without upsetting the orderly development of the plan as a whole. "Overspending" of factory and industry wage budgets has proved a real problem in the U.S.S.R. since it upsets plans for price levels affecting other industries. Frequent revisions of wage plans must necessarily take place in the course of a four- or five-year plan to allow for changing conditions and the degree of fulfilment of the plan in various industries. But Socialism does not do away with the need for careful accounting in wages matters. Until there is abundance for all, the sharing of scarce goods requires that plans should be made and achieved—or improved upon.

With growing experience of economic planning and fulfilment, it becomes possible to say that Socialist State plans "have the force of laws of economic development," and to lay down the increase of wages and living standards over a period with considerable precision.

The wage targets in the latest Soviet Five Year Plan (1946 to 1950) are of great interest in this connection. It is planned to raise the national income 38 per cent above pre-war level by 1950, and to increase average wages for all factory and office workers by 48 per cent. With the reduction in war expenditure, the share of consumption in the total national income will rise to 73 per cent in the five-year period. Productivity of labour in industry is to be increased by 36 per cent (by increasing technical equipment approximately 50 per cent, by extensive training of workers and improving organisation of labour). Industrial production costs are to be reduced by 17 per cent.

Within this general plan are set the productivity and wage plans for particular industries. Thus for the building industry a special mechanisation drive is planned: productivity is to rise by 40 per cent and earnings by 67 per cent.

In the U.S.S.R. the workers join in determining their real wages not only in formulating the wage agreements, but also in drawing up the production plan for the factory and industry within which these wages are determined. Management (and at the top, the State) is fully responsible for executive decisions: but the plan itself is regularly discussed and amended with the workers concerned, through the trade union committees, from the factory level upwards. Collective agreements between the workers and the management are made nationally (or regionally) with the management boards of the industry, and in each factory with the factory committee.

It is already apparent from what has been said that the relation of wage negotiations and of trade unions to management is different under Socialism in the Soviet Union from the relation in a capitalist country. Certain anti-socialist union leaders of the American Federation of Labour regard this new status of labour with horror and refuse to enter a united organisation with the Soviet Trade Unions, on the grounds that:

> "frankness required the recognition of the fact that the Soviet trade unions were not free labour organisations in the democratic sense of the term, but were the instruments of a State."
>
> —(A.F.L. fraternal delegate at T.U.C., 1943.)

Fortunately, the days when the British T.U.C. gave countenance to such arguments are over. As a matter of history, the view that Socialist trade unions ought to be part of the State apparatus (since there was no class conflict between the two) was decisively rejected by the leaders of the Soviet Union. The trade unions of the U.S.S.R. have remained independent, voluntary and democratically elected bodies, making a distinct and separate contribution to raising the workers' standards.

There can be and have been open conflicts between unions and management in Socialist industry. But it is rather too much to expect that such conflicts shall be as frequent, as bitter and as prolonged under Socialism as they are under capitalism.

Productivity the Central Issue

Under Socialism, the working class cannot increase real wages by encroaching on the profits of the capitalists. It can do so only by increasing the total national output—i.e., by increasing production per man-hour and bringing more workers into production.

Hence while discussion about wages in capitalist society inevitably centres very largely on increasing the workers' share of the national income, on defending their standards against capitalist attempts to grab a larger profit, in Socialist society wage problems are discussed in close relation to productivity. The aim of the unions, as well as the management, is to arrive at wage-structures and standards which will encourage higher productivity and make possible a steady rise in real wages.

The need to increase productivity was a specially burning one for the U.S.S.R., which started on the path to Socialism under the most difficult conditions. There was comparatively little industry (especially heavy industry) and an acute dearth of skilled workers, or even " unskilled " workers with some industrial experience; and the U.S.S.R. was, moreover, the first and the *only* Socialist state.

These facts have conditioned the course of economic planning and the evolution of wages systems in the U.S.S.R. In particular, they made necessary a larger proportion of the national income devoted to investment and a smaller proportion available for raising consumption and real wages than might be desirable if, say, the U.S.A. were to become a Socialist country tomorrow.

We in Britain, however, are very far off from producing enough to provide even decent standards—let alone luxurious ones—for the working people as a whole. We have plenty of industry, but much of it old and ramshackle. Britain cannot even maintain pre-war living standards without large increases in output. Thus the stress on incentives for skill and responsibility, which is characteristic of present Soviet economy, is likely to have a considerable bearing on future problems in Britain also.

What kind of incentives will work in a Socialist society? It is clear that from the very beginning moral incentives—appeals to work hard and improve one's skill for the good of the whole community—are likely to cut more ice than similar appeals, even from trusted leaders of the Labour movement, can do in a society which is still predominantly capitalist.

Nevertheless, all experience suggests that over a prolonged period moral incentives alone will not be enough to set Socialist society on its feet; and because of this wages policy, determining the incentive to a particular individual or group, has an extremely important function in raising output.

Should All Be Paid Alike?

Here and there in the Labour movement one still finds traces of the old idea that a Socialist wage policy should mean equal wages for all —and hence no wages problems. Thus a recent contributor to a controversy on p.b.r in the *Electrical Trades Journal* went so far as to call it a " libel on the workers " to say that under a Labour Government they must be " bribed to produce." Many who would not go to this logical extreme, however, have an idea in the back of their minds that since the aim of Socialism is to end the great inequalities between man and man, it should set about that process by reducing the inequalities in wages—i.e., reducing the premiums for skill, effort and training, and levelling out between different industries. This reasoning is supported by the knowledge that under capitalism these distinctions are linked with craft exclusiveness, and with an over-valuation of non-manual as against manual work (based on the fact that non-manual work is what the capitalists' hangers-on and " old school tie " strata are engaged in).

This attitude, however, ignores the hard fact that until production has been increased far beyond the narrow limits of capitalism, it is restrictive to distribute goods to all according to their needs. To dispense with reckoning the contribution each has made to the common store would mean, in the early stages of Socialism, holding back production and hence delaying the real age of plenty.

The greatest pioneers of Socialism saw from a very early stage that the demand for equal wages under Socialism was a reactionary one. Thus in his critique of the Programme of the German Workers Party (Critique of the Gotha Programme, 1875) Marx attacked the phrase " equitable distribution of the proceeds of labour." He wrote:

> " What we have to deal with here is a communist society, not as it has *developed* on its own foundations, but, on the contrary, as it *emerges* from capitalist society; which is thus in every respect, economically, morally and intellectually, still stamped with the birthmarks of the old society from whose womb it emerges. Accordingly the individual producer receives back from society—after the deductions have been made—exactly what he gives to it. What he has given to it is his individual amount of labour . . .

> "The right of the producers is *proportional* to the labour they supply; the equality consists in the fact that measurement is made with an *equal standard,* labour.
>
> "But one man is superior to another physically or mentally and so supplies more labour in the same time, or can labour for a longer time; and labour, to serve as a measure, must be defined by its duration or intensity, otherwise it ceases to be a standard of measurement. This *equal* right is an unequal right for unequal labour. It recognises no class differences, because everyone is only a worker like everyone else; but it tacitly recognises unequal, individual endowment and thus productive capacity as natural privileges. *It is, therefore, a right of inequality in its content, like every right.*" (Marx, *Selected Works* Vol. II. Lawrence and Wishart, 1943, pp. 563-564.)

In full Communist society, Marx went on, there can indeed be equality—on the basis of abundance for all.

> "In a higher phase of Communist society, after the enslaving subordination of individuals under division of labour, and therewith also the antithesis between mental and physical labour, has vanished, after labour has become not merely a means to live, but has become itself the primary necessity of life, after the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be fully left behind and society inscribe on its banners: 'from each according to his ability, to each according to his needs.'" (p. 566.)

The point made here by Marx was taken up and developed further by Lenin in *State and Revolution,* written on the eve of the October Revolution:

> "If we are not to fall into utopianism, we cannot imagine that, having overthrown capitalism, people will at once learn to work for society without any standard of right: indeed, the abolition of capitalism does not immediately create the economic conditions for such a change."

At the same time, Lenin shared Marx's view that wage payment in our present sense would cease under full Communism:

> "The State will be able to wither away completely when society can apply the rule: 'From each according to his ability, to each according to his needs'; i.e., when people have become accustomed to observing the fundamental rules of social life and when their labour is so productive that they will voluntarily work *according to their ability.* 'The narrow horizon of bourgeois right,' which compels one to calculate with the shrewdness of a Shylock whether he has not worked half an hour more that another, whether he is not getting less pay than another—this narrow horizon will then be left behind. There will then be no need for society to make an exact calculation of the quantity of products to be distributed to each of its members: each will take freely 'according to his needs.'"

Are All Paid Alike Under Socialism?

The view that " moral " incentives ought to be enough to ensure maximum production under Socialism is not held by those with practical experience of the working of Socialist economy in the U.S.S.R.

In the early years of the Soviet power, especially during the Civil War period when all kinds of necessities were extremely scarce, there seems to have been a good deal of " wage-equalisation " in practice.

At this time money wages played a very small part compared with the importance of rationed goods supplied in kind; nearly equal shares were almost inevitable. A. Baykov, in the study already cited, notes that as early as 1919 the C.P.S.U. was warning that " immediate realisation of equality of remuneration " was not the task of the Government at this stage. Nevertheless:

> " In reality, equalisation of reward for different kinds of work did take place during this period. Reward was, in actual fact, not related to qualifications, skill or kind of work performed by a worker, in spite of the fact that there existed formal wage schedules. According to data given by Strumilin, wages of workers of the 12th category amounted to 232 per cent of those of workers of the 1st category in in 1917, in June, 1917 it was only 119 per cent, and in the first part of 1921 only 102 per cent; in other words, they were then nearly equal." (p. 43.)

During 1921-22 measures were taken to establish graded wage-scales for different levels of skill and responsibility throughout Soviet industry. Nevertheless, the acute shortage of all kinds of skilled labour, and the high turnover of labour among skilled workers and technicians, continued to be a serious problem during the whole period of the First Five Year Plan. In 1930 further measures were taken to devise wage systems which would give more incentive to undertake skilled and responsible work.

Stalin, in a famous speech at a conference of business executives on June 23, 1931, pointed out that heavy labour turnover in the factories was interfering with the carrying out of the Plan, and stated that this was largely a wages problem.

> " What is the cause of the heavy turnover of labour power?
>
> " The cause is the wrong structure of wages, the wrong wage scales, the 'leftist' practice of wage equalisation. In a number of our factories wage scales are drawn up in such a way as to practically wipe out the difference between skilled labour and unskilled labour, between heavy work and light work. The consequence of wage equalisation is that the unskilled worker lacks the incentive to become a skilled worker and is thus deprived of the prospect of advancement; as a result he feels himself a 'sojourner' in the factory, working only temporarily so as to earn a little and then go off to 'seek his fortune' elsewhere. The consequence of wage equalisation is that the skilled worker is obliged to wander from factory to factory until he finds one

> where his skill is properly appreciated." (*Leninism,* by J. Stalin. Lawrence and Wishart, 1940. p. 371.)

The lead was therefore given to abolish wage equalisation and devise new wage scales. In giving this lead, Stalin stated that it was not a departure from Marxist teaching (as some people had argued) but in line with it.

> ". . . We must draw up wage scales that will take into account the difference between skilled labour and unskilled labour, between heavy work and light work. We cannot tolerate a situation where a rolling-mill hand in a steel mill earns no more than a sweeper. We cannot tolerate a situation where a railway locomotive driver earns only as much as a copying clerk. Marx and Lenin said that the difference between skilled labour and unskilled labour would exist even under Socialism, even after classes had been abolished; that only under Communism would this difference disappear and that, therefore, even under Socialism 'wages' must be paid according to work performed and not according to needs. But the equalitarians among our business executives and trade union officials do not agree with this and believe that under our Soviet system this difference has already disappeared. Who is right, Marx and Lenin, or the equalitarians?" (p. 372.)

Special stress was laid upon retaining the leading group of more or less skilled workers in the factory as the "key link in production."

> "We can retain them only by promoting them to higher positions, by raising the level of their wages, by introducing a system of payment that will give the worker his due according to qualification. And what does promoting them to higher positions and raising their wage level imply? It implies, apart from everything else, opening up prospects for the unskilled worker and giving him a stimulus to rise higher, to rise to the category of a skilled worker. You know yourselves that we now need hundreds of thousands, and even millions of skilled workers. But in order to get skilled workers we must give the unskilled worker a stimulus and prospect of advancement, of rising to a higher position. And the more boldly we do this the better. . . ." (p. 373.)

A particular point of importance in Socialist wage policy is the training and encouragement given to millions to become skilled workers. The wage differential between the skilled and unskilled worker in capitalist Britain does not, in general, operate in this way. A worker is classed as "unskilled" because his parents were not in a position to keep him during several years of continued education or apprenticeship at low wages.* The skilled man's higher rate is normally out of the labourer's reach for the rest of his life (unless exceptional relaxations of custom take place to allow adult training, as in engineering during the war and in building at the present time). Certainly the higher rate is not intended to encourage every labourer to become a craftsman.* In many industries there is a very definite social gradation between the two, the craftsman seeking to safeguard his exclusive right to the job as the main basis for a shortage of labour and a higher rate.

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* Professor Bowley, on the basis of the occupation data in the New Survey of London Life and Labour, showed that about 59 per cent of the sons of unskilled labourers and machine minders became unskilled labourers; but where the father was a semi-skilled, skilled, clerical or distributive worker only about 30 per cent of the sons became unskilled labourers. Entry into the skilled, clerical and professional occupations was possible only for 26 per cent of the sons of unskilled workers, but for 54 per cent of the sons of skilled workers. (*Economica,* 1935, p. 402: quoted by Colin Clark. *Conditions of Economic Progress,* 1940, p. 235.)

In Socialist industry there is no such self-interest impelling the skilled man to limit entry to the higher-paid ranks, and consequently wage-differentials do not result in the same type of social divisions among the workers, although in the U.S.S.R. the actual money differential between a Stakhanovite worker and the newest and least skilled worker in the plant is probably greater than in a British factory.

In the Soviet Union policy seems to have settled down on the basis of a fairly wide spread between skilled and unskilled, with an immense development of training facilities for all workers to become skilled, and encouragement to make use of them. In recent years 2,200 industrial schools have been established. The 1946-50 plan further provides for training 1,200,000 young skilled workers a year in such schools, and in addition:—

> " The practice of training skilled workers on the job in the common trades shall be widely extended by means of individual and group training and courses of instruction, so that 7,700,000 new workers are given technical training, and the skilled qualifications of 13,900,000 workers enhanced in the five years."

Some idea of the current " spread " of money wages between grades in the Soviet Union may be gained from official Soviet sources. We cite a typical example:

> " There are eight categories of work in the clothing factories, based on the nature of the work and the degree of skill involved, and each has its own 'normal rate.' In mass production shops the rates are slightly lower for each category than in smaller shops specialising in individual orders. Workers in the eighth or highest category in mass production shops get a normal rate 2.75 times higher than that of the least skilled category. Eighth category individual workers get three times the rate of the first category.
>
> " For every job a 'quota' is set and all output in excess of the quota is paid for at a progressively increasing rate. Thus, for example, the rates for excess work for machine-operators are at present fixed as

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* There are, of course, exceptions—the " promotion ladder " from cleaner to driver on the railways, for instance. But the general position in the majority of industries is as stated.

> follows: Excess from 1 to 6 per cent is paid the normal rate plus 35 per cent; excess from 6 to 10 per cent, normal rate plus 50 per cent; and excess above 10 per cent, the normal rate plus 75 per cent.
>
> "For cutters, pattern makers, designers and workers in similar trades there is a system of 'premiums.' Designers receive two and a half roubles for each centimetre of cotton stuff economised, four roubles for silk, five roubles for woollens. Pattern makers receive 50 per cent more than designers for such economy. The total premium earned, however, must not exceed the worker's ordinary wage.
>
> "Special arrangements operate to recompense workers who may be put on to unfamiliar jobs. A worker given unfamiliar work gets a guaranteed 35 per cent increase on his normal rate for a period varying from five to eleven days, according to the kind of work. During seasonal changes, workers get an increase of 25 per cent on piece rates during five to seven days. If a worker is given new styles to make, he gets a 20 per cent increased rate during five to seven days."
>
> —(Z. Ivanova, *Soviet News,* 28.8.46.)

In the engineering industry, basic wages are divided into eight categories, which, taking the lowest category as 100, range up to 350. Salaries for technical and supervisory staffs are much higher: the following is a rough table (again based on the lowest category wage as 100):

Draughtsman … … …	350 to 600
Foreman … … … …	500 to 600
Junior engineer … … …	500 to 600
Senior engineer … … …	600 to 1,500
Director of small enterprise …	1,000
Director of big enterprise …	1,000 to 2,000
Director of Trust … … …	2,500 upwards

—(*Wages and Prices in the U.S.S.R.,* Reginald Bishop, July, 1946.)

Thus the spread between top and bottom earned incomes is large. At the same time it is misleading to treat these wage differentials by themselves as a measure of the difference in living standards. Prices for semi-luxuries (e.g., private cars and gramophones), which as yet are very limited in supply (and especially during the war), are deliberately maintained quite out of relation to prices for necessities supplied to the whole population, while a large proportion of the wage for all categories is "socialised," i.e., given in the form of common social services. A very large difference in money income therefore implies a much smaller difference in living standards. Edward Crankshaw, who was in Moscow with the British Military Mission and spent a large part of the war years in the U.S.S.R., wrote on "Privilege in Russia" in wartime in the *New Statesman* (4.5.46):

> "Some people are bewildered by the apparent size of economic variations. What is there 'apparent' about a factual difference

> between 300 roubles a month and 3,000? Well, a difference of several thousand roubles a month may be simply the difference between having a gramophone, and not having a gramophone. It is not, as might appear, the difference between a life of untrammelled luxury and ease and a life in the gutter.
>
> "There is no ease in the U.S.S.R., and luxury, to put it mildly, is patchy and intermittent. The man with the gramophone lives otherwise much as everybody else. Everybody has so much money accumulated for lack of anything to spend it on that if the few 'luxury' articles were put on the market at reasonable prices they would be torn to pieces in a cut-throat scramble. So they are put on the market at unreasonable prices, and the selected few (selected rigidly by the criterion of services rendered) are given unreasonable wages to buy them with.
>
> "There is no discernible crystallisation of new classes round these different income levels."

The same point is made by pre-war observers: thus Maurice Dobb notes in *Soviet Planning and Labour* (p. 95):

> ". . . while members of technical and managerial staffs enjoyed a substantial advantage in pay and conditions over manual and clerical workers (though very frequently not over Stakhanovites), this difference remained of a much more modest order than is common in England and America. Two *rapporteurs* for the International Labour Office in 1936 remarked that they had interviewed directors of plants employing thousands of workers, who in America would be drawing $50,000 a year, and were earning what for the U.S.S.R. was almost a ceiling remuneration of 2,000 roubles a month (about nine times the average wage at that date), and remarked that 'although they have other privileges, such as the use of a car, etc., their living standard is very modest indeed,' and 'the amount of work which these people give and their devotion to their job is not measured by monetary compensation.'"

High Pay For Priority Work

It is clear that in a Socialist society the distribution of labour among different industries will not be determined by unemployment, and wage differentials in favour of specially hard, skilled or dangerous work will be necessary, since the alternative would be a comprehensive system of labour conscription on wartime lines. As we have seen, the earnings in different industries in capitalist Britain are determined by many causes—e.g., the volume of unemployment and supply of cheap women's labour available—other than the importance, skill and difficulty of the work.

Relative average earnings in Soviet industries in 1938 are shown in the following table:

Linen textile	100
Food industries	106
Confectionery	106
Woollen industry	111.5
Timber	110
Cotton	114.5
Clothing	113.5
Cement	123.5
Paper making	122
Fur industry	124.5
Leather	124.5
Boot and shoe	137
Printing	141.5
Chemical industry	150
Iron mining	153
Coal mining	159
Machine building	161
Heavy metal	161
Automobile	162
Oil extraction	163.5
Power-house workers	164.5

In addition to higher wages, special privileges in respect of conditions are also given for priority jobs. Thus in coalmining the working day is seven hours for most underground workers and six hours for tunnellers, timbermen and other special categories (against the normal eight hours); the underground workers get an extra two weeks' holiday over and above the usual paid holiday; pensions above the normal rate are paid at 50 instead of 60, and so on. (*Soviet News,* 19.9.46.) In the new Five Year Plan extra wage increases, above the general average, are projected for building workers.

Payment By Results

One of the main ways in which wage policy has developed in the U.S.S.R., and appears to be developing in some of the new democratic countries in Europe, is towards the extension of payment by results. The reasons for this have already been made clear; where there is a permanent shortage of labour (as there must be under Socialism) it is held that payment by results offers the best basis both for increasing regularity and conscientiousness of work and for encouraging the worker's initiative in changing the methods of work.

We have noted that under capitalism the workers inevitably have strong reservations about payment by results, which they regard primarily as a means of intensifying and thereby cheapening their labour—reservations which may lessen the effectiveness of the incentive itself. These reservations will probably tend to be diminished under nationalisation; they are certainly very much less important under Socialism, and payment-by-results systems are the more likely to yield striking results.

The Five Year Plan for 1946 to 1950 lays down that:

> "The progressive piece-rate system of the payment of workers, as well as the system of bonuses for engineers and technicians for fulfilment and overfulfilment of output programmes, shall be perfected, the proportion of bonuses to wages and salaries being systematically increased."

It is estimated that by the end of the second Five Year Plan (in 1937) three-quarters of all industrial work was paid on a piecework basis, and one-third on a progressive scale (i.e., with higher rates for output above the normal). Payment by results has been extended to many workers, such as locomotive drivers and shop assistants, who are not usually employed on piecework in Britain; the bonuses were based on a variety of factors, such as fuel saving, quality of service, low proportion of scrap, as well as the volume of work done.

The kind of wage scale for pieceworkers in use in the Soviet industry is illustrated by the following example from the Stalin motor works:

> "The workers are divided into eight grades and the figures in the first column correspond to these grades:

		Salary on piecework			
Category	*Normal time wage*	*I*	*II*	*III*	*IV*
1	100	124	143	143	183
2	120	149	171	171	220
3	145	179	207	207	269
4	175	217	250	250	321
5	210	259	300	300	400
6	250	309	359	359	459
7	300	371	430	430	550
8	360	445	514	514	660

I. Normal work in a shop at normal temperature.
II. Difficult work in a normal temperature shop.
III. Normal work in a high temperature shop.
IV. Difficult work in a high temperature shop.

—(From a table compiled by the French Ministry of Labour, quoted by R. Bishop in *Wages and Prices in the U.S.S.R.*)

It is interesting to note that the " Two Year Plan " of reconstruction of the Czechoslovak Government (stated by the Prime Minister, 8.7.46) also lays down the objective of extending payment by results as the main point in wages policy:

> " The present system of wages, which does not properly appreciate the individual worker's performance and thus does not sufficiently encourage individual exertions, must be modified into a system of wages based on merits, i.e., on the output of the worker and on the difficult character and responsibility of his work, as well as on his previous training, necessary to accomplish the task entrusted to him. So far only about 20 to 30 per cent of workers in industry are paid piecework rates. In the course of the Two Year Plan it will be necessary to double the numbers of pieceworkers, thereby increasing output and wages, and reducing the price of goods.
>
> " In order to increase the standard of living of clerical workers and to enable them to fulfil their function properly, in this category, too, efficiency pay and bonuses are to be introduced."

Worker's Initiative in Raising Productivity

The Stakhanovite movement, which seemed strange to some British trade unionists when it first arose about 1935 in the Soviet Union, has become better understood today, because wartime and post-war experience has given British workers some contact with the problem of increasing productivity.

The distinctive thing about the Stakhanovite movement for increased output was, first, that it depended on the initiative of the worker himself; secondly, the output records of Stakhanovites were " not due to increased physical effort, but to a thorough understanding of a production process by experienced, highly-skilled, imaginative and enterprising workers." It meant not producing more by greater effort under the old methods (as the earlier " shock workers " had done), but devising new methods of division of labour, cutting out unnecessary work, using skilled workers only on skilled work, devising labour-saving gadgets and so on. The Stakhanovites were " pioneers and inventors in their own sphere, and as such could only arise from among highly-skilled workers with considerable practical experience " (A. Baykov, *Soviet Economic Development*). Since they revolutionised a particular part of the production process, they also obtained very considerable increases in earnings (often three or four times the earlier level) as a result of the progressive piece rate which gives a higher price per unit the higher output rises above the normal.

Once the new methods are worked out by the Stakhanovites they can be, and are, taught to others so as to increase the general standards of output throughout the factory or industry. When this general rise in standards has taken place the output standards may be raised upwards (i.e., the piece rates reduced), though less than the rise in actual output. Otherwise, under a progressive piece-rate system, the labour cost per unit of output would actually *rise* with Stakhanovite methods.

The incentive wage structure in Ukrainian industry is described in an interesting article by a *Times* Special Correspondent.* The system in the Kirov metal plant at Makeyevka is used by way of illustration. The achievements in three years of reconstruction are described by the correspondent as " little short of miraculous."

> " The commission that surveyed the capacity of a certain department concluded that, fully manned, its machinery was capable of an output of 120 tons per shift. This figure was accordingly chosen as the department's " plan." The normal quota of work, however, according to standards reached by negotiation between trade union representatives,

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* " Reconstruction in Ukraine." (23.11.46.)

> management and State officials, guaranteed an output of only 90 tons. In other words, if each worker earned his normal basic wage of 40 roubles a day, the department would be producing only three-quarters of its capacity. As an incentive to greater effort, the management offers double pay for each increase of output above the normal up to 5 per cent and treble above 5 per cent. In addition, the department as a whole receives a bonus as soon as its production reaches 80 per cent of the plan, and this bonus is progressive. In this particular department a smelter whose basic wage was about 900 roubles a month was found to have drawn 3,000 roubles in August. The calculation of pensions or compensation for disablement is based, not on standard of pay, but on actual earnings.
>
> "Throughout the Donbas this system of incentives has been applied and often results in earnings being several times higher than basic wages. Girls employed with a standard wage of 300 roubles in a furniture factory in Voroshilovgrad draw as much as 900; miners at Kadievka repairing a pit wrecked by the Germans draw 1,800 roubles a month with a basic wage of 40 roubles a shift. The bonus system is so widespread as to make entirely unreliable any observations about the standard of living based on minimum wage rates. It is coupled with the "commercial," or off-the-ration, shop system, which offers the conscientious worker an opportunity of converting his bonus into goods without impairing the basic supplies of rationed food for his less fortunate fellow-workers."

This system is not, however (as the context might suggest) an exceptional one, but appears to be typical of the present Soviet industrial methods.

In the practice of the Soviet Union, workers who make a special contribution to improving production are rewarded on a scale that goes far beyond ordinary wage incentives. Extra rations, extra holidays, priority for theatre tickets, scholarships to study at technical schools and universities, and eventually to hold high managerial office —all may be included in the reward of labour.

What is also significant is the high social respect which goes with this. In Britain, it is probably true to say that a worker who is a notorious slacker or idler is less respected than a good workman who knows his job and does it steadily and well. But it is certainly not true that a worker's popularity rises with his output. A worker who continually earns treble time on bonus, or puts bright ideas on saving labour into the firm's suggestion box, is not going to find himself a hero—he is more likely to be regarded as one who doesn't mind doing his mates down to get a bit for himself.

This attitude has very good material reasons: and it is not easy to change it even in nationalised industries. Yet there is every reason to believe that British workers will welcome the opportunity when it comes to use their craftsmanship and skill to the full, and to admire and reward these qualities in others. Whether the outstanding producer in British industry, like his Russian brother, will become as popular a figure as an outstanding centre-forward or boxer we cannot tell, but there may undoubtedly be an element of sporting interest and rivalry about the whole business of production in Socialist society. There are already signs of this in our mining industry.

During the war, the British newspapers for a time accorded to "heroes of labour" some of the space and human-story angles which they normally reserve for Society beauties. The Socialist Press will probably find "reader interest" pushing it in this direction, quite apart from any official propaganda drive that may take place.

Non-Material Incentives

It would be wrong to regard material incentives as the only driving force, or even the main driving force for improving production in Socialist industry. A Socialist society, even in its early stages, can call upon the enthusiasm and voluntary work of its citizens to a far greater extent than even the most advanced capitalist society (as is shown by comparative experience in the post-war reconstruction of the U.S.S.R. and Czechoslovakia on the one hand, and Britain on the other). It is important to realise the great part which these *social* incentives play in existing Socialist society alongside material wage incentives.

Mr. A. Baykov, a non-Soviet writer who has made a long and careful study of developments on this matter, sums it up as follows:

> "It should, nevertheless, be emphasised that the material reward was *part* of and not a *substitute* for the social incentive. The Stakhanov worker received an additional award because he was a *Stakhanov worker,* i.e., an individual who has not only achieved definite material results in his work, but who also seeks to improve his work in order that others may profit by it, in order to stimulate others to work better and generally to raise labour productivity in a certain field. The recipient of the additional material reward must be either a pioneer or a member of a definite movement or of a group pursuing not personal aims, but the public good. Purely selfish material motives were branded as grasping and self-seeking, and, if unmasked, closed any further possibilities of obtaining material advantages. A remarkable engineer, writer, artist, etc., can receive outstanding rewards if it is recognised by a competent jury that his work is useful to the community, but not because he is endowed with a certain acumen to utilise his abilities for personal material enrichment.
>
> "This fostering of social labour incentives and of social forms of group-labour emulation is peculiar to labour relations in the U.S.S.R., and constitutes a new approach toward solving the problem of new labour incentives and stimuli to work. Experience has shown that

> under the planned system, when earthly goods are still scarce, it is as impossible to do away with material incentives as it is under the competitive system. It does not seem possible wholly to forego personal motives and material interests in order to raise labour productivity, to stimulate workers to improve their qualifications and in particular to interest managerial personnel in the qualitative side of their enterprise's work. It has been shown that differential piece rates came gradually to be widely applied, that special rewards were introduced for managerial workers (personal salaries, bonuses for achieving profits in excess of plan and for improving the quality of the enterprise's work), and that, generally speaking, wages became more and more dependent on the skill, intensity and responsibility of the work performed; yet, at the same time, great efforts were made to stimulate social labour motives and thus to counteract the use of material incentives, and to create a new psychological atmosphere in labour relations. Foreign students of the Soviet economic system, while emphasising the use made in the U.S.S.R. of material incentives in the field of labour, have underrated the efforts to foster social labour incentives, as well as their value and widespread application." (ibid., p. 359.)

The Socialist society, in fact, needs a wage system to end wages. It needs a wages system that will develop labour and production in such a way as to end for ever the narrow, monotonous life of the workers in modern capitalist industry.

Appendix: Wage Problems in Selected Industries

The following notes on wage structure and problems in particular industries are intended to supplement the general argument of the book with more detailed information. They show the range of current problems that face the trade unions in each industry, while at the same time illustrating the wide diversity of wage practices and customs which have to be taken into account when a common forward policy for the movement is under discussion.

ENGINEERING WAGE PROBLEMS

The wage agreements in the engineering industry are based, in the main, on the recognition of standard district rates for craftsmen (fitters and turners being the standard classes) who have served a five-year apprenticeship. The district rates are, in many cases, not embodied in definite written agreements with the employers, but the written agreements which exist are related to these rates. For example, the national pieceworkers' agreement lays it down that piecework prices should be such as to enable a worker of average ability to earn 27½ per cent above present district time rates (excluding war bonuses) and uniform " national bonuses " (embodying most of the wage rises since the last war) are added on to the recognised district rates. Certain skilled timeworkers, i.e., maintenance workers, inspectors, setters-up and markers off, are entitled by *national* agreement to 8s. above the skilled fitters' rate for the district. Individual " merit rates " and " ability rates " above the district rates are paid for work of extra complexity or high quality.

Differing Structures

In some districts the only recognised rates covered by agreements are for skilled men and labourers (and these two are not necessarily held by the same union). In London, for example, there is a common district rate for all craftsmen (except patternmakers, whose rate is 5/- higher) but no " semi-skilled " or machinist's rate; while in Manchester, Coventry and Glasgow there are recognised district rates not only for fitters and turners, but for extra-skilled workers (toolmakers, die-sinkers, millwrights) and semi-skilled workers (machinists, strikers). In large centres such as Doncaster, Carlisle, Ipswich, Kettering, Leicester, Liverpool, Warrington, Oxford, Plymouth, Slough, Southampton, there are no machinists' rates.

The definition as to who is entitled to the skilled rate is a complicated matter. In most areas, to be considered a craftsman a man must have five years' apprenticeship (or its equivalent) under the age of 21 as a fitter or turner. Setter-operators of automatic machines (such as capstans) may be considered skilled men in some districts, but not in others.

Even in those districts where there are definite district rates for machinists (such as Glasgow, Coventry or Belfast) the meaning of the term varies. In Glasgow a machinist usually means a worker who has worked for three years on a skilled machine other than a centre lathe, and is rated 3/- to 4/- below the skilled man. In Birmingham and Coventry, it usually means a worker who operates a machine, irrespective of whether he has served any time at the job.

In the majority of cases, the rates of machine operators who are not recognised as craftsmen are negotiated in the workshop between the worker (or his shop steward) and the management. The threefold criterion to be used in determining these rates is (1) the worker himself, his individual skill and experience; (2) the type of machine; (3) the class of work being done. It is not uncommon to find three men with the same age and experience working on the same type of machine and the same class of job at three different rates of pay.*

Differing Rates

The differential between the highest rated areas (London, etc.) and the lowest-rated (e.g., March, Norfolk) is as much as 27/- per 47-hour week. The great majority of districts, however, fall within 6/- or so of the London rate; the majority are now† on a rate of 102/- for timeworkers. Many large factories, or firms doing specially high-class work, have negotiated a recognised "shop rate" above the district level, which stands instead of the district rate for the purpose of national agreements.

Technical Changes and Semi-skilled Work

The outstanding technical changes in the industry over the past 30-40 years have raised great problems in relation to the wages structure. These changes have involved the development of specialised and automatic precision machinery, the sub-division of processes, and the growth of mass-production methods and interchangeability of parts. There has been a decline in the proportion of timework, and an increase in the processes on which payment by results could readily be introduced. Accuracy of machining has reduced the "fitting" proper, and meant more assembly work. The proportion of workers recognised as fully skilled craftsmen has declined, while those designated "semi-skilled" by the employers have increased, until they are now the largest category of workers in the industry; they include machinists, assemblers, viewers, and as a rule directly replace skilled craftsmen.

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* While semi-skilled rates are usually negotiated in the workshop, some large firms have national agreements. I.C.I., for example, grades machines separately at 1d. to 5½d. per hour below the standard rate for fitters and turners.

† End of 1946.

According to the employers' figures, the proportion of skilled craftsmen too has declined from 60 per cent in 1914 to 30 per cent of the labour force in 1936, while the category they are pleased to call semi-skilled has risen from 20 per cent to 60 per cent.* Payment by results was negligible until 1875, and in 1886 only 6 per cent of turners and 11 per cent of machinists were on payment by results systems. By July, 1914, some 31 per cent of workers were on such systems. In 1944 it was estimated by a union official (W. McLaine in *Payment by Results in British Engineering*) that 50 per cent of engineers were on payment by results systems.

"Semi-Skilled" Rates for Skilled Jobs

The effect of these changes on the grades of workers required has been described by the Amalgamated Engineering Union (in a Memorandum on Wages Structure endorsed by the National Committee in 1945)† as follows:—

> "It is evident, from the engineering employers' figures, that the vast productive capacity of this industry is vested in the labour power of a majority of workers who it pleased them to designate as 'semi-skilled.' It is equally obvious that, just as the invention of the Maudslay lathe in 1800 gave rise to the skill of the turner, so the introduction of the various types of modern machine tools and the progressive organisation of workshop processes and production methods has given rise to different skills.
>
> "That these skills are not so varied as those of the all-round craftsmen of the past is not, in itself, a proof of their inferiority.
>
> "If it is to this major category of operators that the industry now looks for the high output of the quality engineering goods which still distinguish this country's manufacture, then we must finally break with the practice of calling them 'semi-skilled,' and we must recognise them as a standard category of workers in the industry to whom a standard rate of wages should apply."
>
> —(*A.E.U. Monthly Journal,* November, 1945.)

The existing wages structure, however, takes no account of these changes. The skilled craftsman receives a rate based on the pre-1914 craftsman's rate—that is, on conditions where he was occupied only part of his time on highly skilled tasks and where the complexity of knowledge expected of him was much less. The machinist or assembler, the typical engineering worker of today, has either no agreed rate of wages at all (in some districts) or an agreed rate lower than that of the craftsman; in practice his rate is based on the labourer's plus a few pence lead. What is still more serious, almost all the machine and assembly jobs can be, and frequently are, done by women workers; and where this was the case on a given operation before the

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* J. R. Scott, *A.E.U. Monthly Journal,* December, 1945.

† See also text on p. 93.

Second World War, the work is treated as " work commonly performed by women in the industry " and paid for at the women's rate, which is much lower even than the male labourer's rate. Yet the modern machinist or assembler, man or woman, is a specialist, doing his particular job with such speed and accuracy that on that type of work the all-round engineer usually cannot compete.

Thus the immense technical development in the industry has resulted in a steady undermining of the existing recognised skills without establishing a standard for the new skills which are now coming to the fore.

Women's Rates

Rates for women workers are still on a completely separate basis from those of men (April, 1945). Women are employed on machines, assembly, viewing, etc., on a schedule of rates about half the men's (the minimum now is 62/6 at 21), the rate for an unskilled male labourer (sweeping the shop) being 86/-. There is no permanent national agreement entitling women to rates above these, and in most factories before the war the practice was to pay a " lead " or plus-rate of a few shillings above this for the more skilled jobs. For this reason the extension of women's employment to new jobs was hotly contested by the unions.

During the war the unions agreed to allow the extended employment of women, on condition that a woman taking over a man's job without extra assistance or supervision should (after 32 weeks' probationary period) be paid the man's rate. The agreement (1941) provides that a record shall be kept of all changes made. Women on " work not previously done by women " serve eight weeks' probationary period at the women's schedule rate and national bonus; thereafter, for twelve weeks, one-third of the difference between the women's rate and that of the men they replace; thereafter, for twenty weeks, 75 per cent of the man's rate; and after the full 32 weeks, the man's rate (on the conditions already stated). For women who still require " additional supervision or assistance " the rate after 32 weeks is negotiable " according to the value of the work and the ability displayed."

In practice, even where the terms of the agreement were not flouted, the spirit was widely evaded by all sorts of technicalities. A foreman occasionally passing round the shop, or a labourer told to lift a heavy weight for the women workers from time to time, was held by the employer to constitute " extra supervision or assistance " and the man's rate was refused accordingly. Very often the job was slightly re-organised or sub-divided, so that the women could not claim to be doing exactly the same work that was previously done by a man. Or the employer might argue that, although the particular machine had always been worked by a man in his factory, still it had commonly been operated by women in some other factory in another part of the country. Finally, there were new types of work introduced during the war (the best-known example being the new mechanised production methods for aero engines used by Rolls Royce at Hillingdon) which had never been classified either as men's or as women's work, and which, immensely profitable though they were, were seldom finally established as " men's rate " jobs. At Hillingdon, a Court of Enquiry arrived at a compromise scale, starting at the women's rate and rising to the skilled man's, according to the complexity of the particular job.

A study of the actual earnings confirms the view that it was only in the best-organised shops that women in practice got the full men's rate. In January, 1945, women's hourly earnings in engineering were 1s. 7.3d., against 2s. 5.7d. for men; yet the proportion of women had risen from 10 to 30 per cent, and the great majority must therefore have been replacing men.

The dangers have been summarised by J. R. Scott in the series of articles already referred to:—

> " What is happening is that more and more of the field of engineering is being, subtly or otherwise, transformed into 'women's work.' This is not because women do it better; but because the employer can get it done cheaper by women. In short, women in engineering are used by the employers as 'cheap labour.'
>
> " The entire standards of this key industry of ours is in danger of being undermined by this evil conception. One of the main worries of officials concerned with balancing up the industrial structure of areas like South Wales is finding jobs for the men. Engineering firms coming to places with little engineering tradition and background are demanding a very high proportion of women workers—paid on the 'women's schedule,' of course. As a result, the labour currency in many parts of the country is being debased; this wholesale introduction of 'cheap labour' is becoming a serious threat to men's jobs and livelihood.
>
> " Equal pay, therefore, is not just a women's question, any more than is the exploitation of apprentices and youths. It is primarily the concern of the unions." —(*A.E.U. Monthly Journal,* February, 1946.)

The unions concerned with the organisation of women in engineering (A.E.U., T.G.W.U., N.U.G.M.W., E.T.U.) in 1946 approached the employers with a claim for the male labourer's rate as the minimum for women workers, and 1d. an hour above it for women on work requiring " appreciable skill and judgement." This was an interim claim, though if granted it would establish a very important principle. In fact, it was flatly rejected. The main line of solution sought by the unions is embodied in the proposals for a new wages structure: it is that one rate only should be paid for each job, irrespective of whether it is done by a man or a woman.

Payment by Results

Because of the great variety of engineering products and methods of production, there has never been in engineering a national or district " list " of piecework prices such as exists in some other industries. Piecework prices (or bonus times) are fixed at the workshop level, by mutual agreement between the worker and the employer; in case of difficulty the shop steward will be brought in, if agreement is not reached a works conference may be held, and failing agreement there, a district or national conference.

In the early days of the introduction of payment by results in engineering, various types of bonus system were popular with employers other than " straight-line " piecework. When standards of rate-fixing were not very accurate, it was considered better for the employer to adopt one of the bonus systems (such as the Halsey or the Rowan system) which allow the worker a standard time for a given job and pay him for part (but not all) of the time he saves on it. This meant that less expenditure was necessary on accurate rate-fixing, since " excessive " standard times did not affect the employer as seriously as high piece prices. But most students agree that today these systems are declining in use and that straight piecework (or a straight time bonus system under which the worker is paid for the full time saved) is increasing, backed up by a highly-developed and complicated apparatus of rate-fixing, including time-study (" the man with the stop-watch ") and motion study. There continue, however, to be a great variety of bonus systems in use in the industry.

The gain for the worker from the great increase in productivity has, however, been small. The extension of piecework has led to a tremendous intensification of work for the individual,* but his agreed earnings have not increased correspondingly.

When piecework first began to be widely introduced into the industry, from 1900 on, the main unions agreed to work it only on condition that the worker was guaranteed his time-rate irrespective of earnings. First in districts, and later nationally (1919) agreement was reached that piecework prices, though negotiated with the individual worker, must be such as to yield to a worker of average ability not less than 33⅓ per cent above the basic rates. The intention clearly was that a pieceworker should be able to earn more, to compensate him for extra speed and intensity of his work.

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* " It is difficult to assess the degree of skill required of the turner at the present time as compared with pre-war days. Less all-round ability is demanded, as some of the most delicate lathe operations have been transferred to other machines, which from their design make the work easier of accomplishment. This does not necessarily imply that the demands made on the turner are materially less. The complexity of modern machinery, increased production speeds and improved organisation, mean that the worker is kept closely to his tasks. These still require in many cases for their satisfactory completion close concentration on the part of an intelligent man who has spent years in acquiring the necessary skill." (M. L. Yates in *Wages and Labour Conditions in British Engineering*.)

Complications crept in, because during the First World War workers were compensated for the rise in living costs mainly in the form of a national " war bonus " which was not included in the basic wage on which piecework prices were calculated. At the time engineering workers, like the general public, accepted the device on the assumption (in fact, a wrong one) that the high prices were purely a wartime phenomenon and would soon return to 1914 levels. This did not happen, but the " national bonus " stayed, while the pieceworker's minimum percentage was cut to 25 per cent in 1931. From the wage-cuts of the early 'thirties onwards, all wage increases except two (326 and 718 awards) were added to the national bonus and not to the basic rate. The difference between the pieceworker's guaranteed earnings and the plain time rate accordingly grew narrower than ever.

The unions were successful in 1943 in getting 20/- of the national bonus transferred to the basic rate, and the pieceworker's minimum percentage increased from 25 to 27½ per cent. But the typical pieceworker's minimum rate, after the 6/- increase in national bonus in April, 1946, was still 70/6d. basic rate, and 17/6d. national bonus (a total of 88/-), and his minimum piecework earnings (27½ per cent of 70/6d.) only 19/5d. The minimum earnings of pieceworker and timeworker on comparable work are now* 102/- and 113/5d. respectively. The 11/5d.—11 per cent—is the compensation the worker gets for his extra effort. To quote J. R. Scott again:—

> " No wonder the employers have insisted on retaining the artificial separation of base rate and 'war' bonus. No wonder they have tolerated an incredibly complicated and seemingly 'unreasonable' wages structure which has cost them thousands of pounds in overheads for additional wages clerks. They have been amply compensated by making additional millions out of the workers at machine and bench."
> —(*A.E.U. Monthly Journal,* December, 1945.)

In many well-organised factories, of course, piecework earnings have run consistently much higher than the minimum, especially during the war; 50 per cent and even 100 per cent (instead of 27½ per cent) have been quite common on war contracts. It will be seen that 50 per cent on the base rate is not much over 33⅓ per cent of the timeworkers' full rate; in fact, these " inflated " wartime earnings have been roughly in accord with the intention of the original minimum agreements. But what the employers will pay on a " cost plus " or " target cost " war contract, with a guarantee that the Government will reimburse them for their labour costs, is quite different from what they will pay in ordinary peacetime conditions. The war was hardly over when a drive began by the employers to cut piece-rates on the new peacetime contracts so that earnings would be reduced, resulting in a number of local stoppages.

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* For an average district at the end of 1946.

A further problem arises in the case of workers who cannot be paid on direct payment by results, but who work in rhythm with pieceworkers and whose work is intensified when the pieceworker's output rises. A wartime agreement for skilled toolroom workers attempts to meet this by providing that their minimum earnings should not be less than the average for skilled production workers in the same factory. There are, however, many other workers (such as skilled maintenance workers and labourers) whose earnings are not in any way related to increased output.

Timeworkers

Date	*Base*		*Bonus*		*Total*	
	s.	d.	s.	d.	s.	d.
1914	40	0	—		40	0
1920	62	0	26	6	88	6
1922	46	0	10	0	56	0
1927	46	0	12	0	58	0
1931	46	0	12	0	58	0
1935	46	0	14	0	60	0
1936	46	0	17	0	63	0
1937	46	0	20	0	66	0
1939	46	0	22	0	68	0
1940	46	0	27	0	73	0
1941	46	0	35	6	81	6
1943	66	0	21	6	87	6
1944	66	0	25	6	91	6
1945	70	6	25	6	96	0

Pieceworkers

Date	*Base*		*Bonus*		*Piece*	*Piece Rate*		*Total*	
	s.	d.	s.	d.	%	s.	d.	s.	d.
1914	40	0	—		33⅓	13	4	53	4
1920	62	0	26	6	33⅓	20	8	109	2
1922	46	0	10	0	33⅓	15	4	71	4
1927	46	0	10	0	33⅓	15	4	71	4
1931	46	0	10	0	25	11	6	67	6
1935	46	0	12	0	25	11	6	69	6
1936	46	0	15	0	25	11	6	72	6
1937	46	0	18	0	25	11	6	75	6
1939	46	0	20	0	25	11	6	77	6
1940	46	0	25	0	25	11	6	82	6
1941	46	0	33	6	25	11	6	91	0
1943	66	0	13	6	25	18	2	97	8
1944	66	0	17	6	27½	18	2	101	8
1945	70	6	17	6	27½	19	5	107	5

Difference Between Timeworkers and Pieceworkers

Date	s.	d.	%
1914	13	4	33⅓
1920	20	8	23
1922	15	4	27
1927	13	4	23
1931	9	6	16
1935	9	6	16
1936	9	6	15
1937	9	6	14
1939	9	6	14
1940	9	6	13
1941	9	6	12
1943	10	2	12
1944	10	2	11
1945	11	5	12

Apprentices and Boys

There is no specific limitation on the proportion of apprentices and boys who may be employed. The union has now obtained separate machinery to negotiate for them.

This ensures that although the young workers are not to be associated with the discussion of adult issues through the ordinary machinery, their wages are automatically varied with those of the adults.

Wages, which are the same for boys and apprentices, are based on the appropriate fitter's rate, and national bonus, on the following percentage basis:—

Age	Percentage
14	17½
15	22½
16	27½
17	32½
18	45
19	52½
20	62½

Piecework prices for young workers are to yield a minimum of 27½ per cent over time rates, excluding national bonus. (Thus, in effect, piecework prices for young workers may be much lower than for adults on comparable work.)

New Wages Structure

The A.E.U., at its 1945 National Committee, adopted proposals for a New Wages Structure in the industry, which have since received the endorsement of the other unions concerned. A joint committee with the employers has been established to study and report on these proposals, and the 1947 Conference of the Confederation of Shipbuilding and Engineering Unions urged that negotiations be speeded up.

The key point in the new structure proposed* is the establishment of a skilled wage for the basic productive worker in the industry and a " super-skilled " rate for the all-round craftsman, while the least skilled worker is to receive at least something like a minimum living wage; and the elimination of a separate " women's schedule." The rate should be a national one, apart possibly from special allowances to cover the higher cost of living in the Greater London area. It should be one consolidated rate on which all overtime, night and Sunday premiums, piecework prices, etc., are calculated.

WAGES IN SHIPBUILDING

All fully-skilled workers in the shipbuilding industry receive the same minimum plain-time rate (now, May, 1946, 2s. 2⅝d. per hour). Hitherto it has always been a men's industry, but during the war a considerable number of women were employed, both in boy's jobs, as labourers and as skilled workers.

Some of the shipyard trades are pieceworking and others time working. The pieceworking trades comprise platers, riveters, caulkers, welders, and drillers—broadly the ironworking trades. The time workers include shipwrights,† joiners, electricians, painters and other " finishing " trades. During the war, however, collective bonus systems were accepted on a temporary basis by the time-working trades;‡ and they have sometimes been worked by shipwrights in normal times.

Major wage changes affecting all trades are negotiated nationally through the Confederation of Shipbuilding and Engineering Unions.

National Uniform Plain-time Rate for New Work (Men)
(Including War Bonus)

(August, 1946)	s.	d.
Fully-skilled classes who have served apprenticeship ...	104	0
Holders-on	101	6
Platers' helpers employed with pieceworking platers ...	102	6§
Blacksmiths' strikers working with time-working blacksmiths	90	0
Unskilled classes	85	0

Squad piecework is the rule among the platers (who prepare plates and sections for riveting together on the ship) and riveters (who screw up the plating work in position and rivet the parts together). *Individual piecework* prevails for caulkers (whose work mainly consists of making seams and joints watertight after riveting), drillers, blacksmiths and welders.

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* See above, p. 93.

† Except drillers.

‡ The wartime bonus systems were based on agreeing the total hours to be paid for a ship or part of a ship; if the number actually worked was less, the workers in that department received payment for the hours saved. Time rates for the hours actually worked were guaranteed. Some problems have arisen from the difficulty of the union representatives estimating the exact number of man-hours on a ship, due to variations in design, and the consequent wide variations in earnings among members of the same trade on similar work.

§ Combined payment from pieceworkers and firm.

There is no fixed minimum percentage above time rates which the pieceworker must be able to earn, but in practice the yield probably exceeds the time worker's rate by considerably more than the minimum under engineering agreements. Earnings on the Clyde range from time rates up to 5s. an hour or so for platers, riveters and welders and up to 4s. 6d. for caulkers. The Boilermakers Society has made several applications in recent years for a minimum fall-back rate roughly 50 per cent above the time rate, but so far the demand has been rejected.

Plating

The squad system applies on large construction jobs, such as the hull (" shell "), decks, tank tops and bulkheads. The squad is composed of skilled platers (employed as markers-off, punchers, shearers and hangers-up) who form themselves into squads, take on a job as a squad on piecework and engage their own assistants, known as platers' helpers. The platers' helpers are usually paid on a time-work basis, but at a rate higher than that of the ordinary labourer, in consideration of the fact that they are required to work at piecework speed. As a rule their basic wage is provided partly from the plater's piecework earnings, partly by the firm, and the bonuses, etc., by the firm, though all wages are paid direct from the company's office. Platers' helpers in some areas complain that this division places them at a disadvantage on wages questions. The remainder of the gross piecework earnings, after deduction of the helpers' wages, is divided equally among the craftsmen platers.

Small jobs are done on individual piecework by platers who employ their own platers' helpers in the same way as the squads do.

Squads specialise in certain classes of work—e.g., frame squad, shell squad, beam squad, deck squad—while the jobbers do the odd work. Earnings in a plating department may range from 5s. in the frame squad down to 2s. 2⅝d. for time platers.

Riveting

A hand-riveting squad is usually composed of two riveters, one holder-on, and one rivet heater. The wages of the rivet heater are a fixed amount agreed with the squad, usually 1s. to 1s. 1½d. per hour, plus the national bonus which is paid by the firm. Piecework earnings, after payment of the rivet heater, are equally divided among the rest of the squad.

A pneumatic-riveting squad consists of three instead of four members, having only one riveter instead of two. In this case the piecework prices are reduced by 15 per cent as compared with hand work, in consideration of the increased output of the machine, which leaves the earning power approximately the same as on hand work.

Piecework Price Lists

Uniform riveting price lists have been agreed over very wide areas. There are two main lists now in operation for merchant work, the Clyde List (covering Scotland and Barrow) and the Tyne & Wear List (covering the North-east Coast and Birkenhead). Both are based on a given number of shillings per 100 rivets driven, regulated by the diameter of the rivet and weight of the plate. Lists are extremely elaborate, the Clyde list for new work including 343 items and 24 qualifying notes.

Plating lists are less uniform, because of the greater variation in technical methods between different shipyards. They are usually fixed on a district basis, but on the Clyde vary from one shipyard to another. The lists are based on a given number of pence per square foot of plating, regulated by the diameter of plate.

Caulkers (whose work mainly consists of making seams and joints watertight after riveting), are paid, like riveters, on standard piecework lists (e.g., the Clyde List of 1889 and the Tyne & Wear List of 1890) for hand work, with specified deductions for use of machines.

For Drillers there is a Clyde List (also applicable in East of Scotland and Barrow); elsewhere yard or small area lists are used.

Other pieceworking classes (welders, blacksmiths, angle-iron smiths, etc.) are usually paid on piecework price lists fixed for individual yards.

Technical Changes and Wages

Riveting, caulking and plating are being affected by technical changes, in particular by welding (which is being widely introduced to reduce the amount of riveting) and the changes in design that arise from it. The welder's plain-time rate is the same as that for other skilled craftsmen in the industry (the Boilermakers Society organising the welders as well as the older trade), but this does not dispose of the piecework problem.

In caulking, much of the work formerly done by hand or pneumatic machines is now done by oxy-acetylene cutting. The " burners " who do this work are usually time workers rated at about 3s. per hour, and very seldom pieceworkers.

In some yards new platers' price lists are being drafted to deal with the changed technical position. In most yards allowances are temporarily being made to riveters for " loss of rivets " (i.e., reduction

tion in the number of rivets in a ship), but there is as yet no permanent arrangement on this. Even with the welders' price lists themselves, which are more modern than those for other trades, problems arise in connection with technical changes such as the use of heavier electrodes and higher current, enabling more metal to be deposited per hour.

The shipbuilding industry has been the centre of many demarcation disputes between the crafts as to who should undertake a particular piece of work, though during the war there was some relaxation of demarcation rules in order to get maximum output.

Recent technical change has added to the complexity of the demarcation problems, welding, for example, displacing some riveters, blacksmiths and platers. The usual union rule is that the new type of work arising from prefabrication should be done by the members of the trade displaced. This has been successful in preventing any lowering of time rates on the grounds of de-skilling, but it is clear that the increase in productivity has not brought a parallel increase in wage rates, earnings or conditions. The rise in productivity over the period 1920 to 1945 has been of the order of 50 to 75 per cent: but hours did not change, nor were real wages appreciably higher. Thus shipbuilding raises in an acute form the problems of the unions (1) how to secure for their members some of the benefits of technical advance; (2) how to organise a united advance of all the unions and trades concerned. The entry of the Amalgamated Engineering Union into the Confederation of Shipbuilding & Engineering Unions (1946) is an important step towards greater unity in this field.

RAILWAY WAGE PROBLEMS

Before the First World War, railwaymen were among the worst paid and most grievously exploited of British workers. From 1911 onwards, but particularly after the successful national strike of 1919, the unions were able to win recognition and to establish improved wages and hours.

While the percentage organised is higher than in most industries, the unions have had a hard struggle between the wars to establish the present level of wages and conditions, in face of the companies' determination to maintain their monopoly level of profits in the era of road competition. The employers' drive to reduce manpower without increasing the wages of the individual worker led to a great intensification of work (the traffic per worker in 1937 being about 13 per cent higher than in 1924) which, in the main, was achieved not by technical re-equipment which would lighten the work, but by a greater burden on the men (heavier trains, increased length per permanent-way gang, and so on). It was not until 1939 that the railway unions were able to establish a minimum adult rate of 50s. in London, 48s. in industrial and 47s. in rural areas.

The last wage settlement (from July 30, 1945) established a minimum adult rate of 87s. in London, 85s. in industrial and 84s. in rural areas.

The railway industry is more highly centralised in its ownership and management than any other here considered. Some 600,000 men are employed by four companies only. It is true that there are, here and there, some survivals in the agreements of varying conditions originating before the company amalgamations of 1921. For practical purposes, however, the agreements are national in scope. Major wage issues are dealt with by central negotiating machinery on which the four main-line companies and the trade unions are represented. Variations in custom and practice exist as between one company and another (e.g., in regard to promotion), but are of minor importance compared with the matters which are dealt with by joint agreement.

For the purpose of negotiating machinery the staff are classified into three main sections—the main body of manual staff (Conciliation Grades), the salaried grades, and the shopmen (workshop employees) who have their own negotiating machinery.

The Conciliation Grades are further divided into four main sections for negotiating purposes; these sections broadly cover (a) locomotive running and shed staff; (b) traffic, carriage and wagon staff; (c) goods and cartage and docks; (d) permanent way, signal and telegraph staff.

Grades

The wage structure on the railways is characterised by an enormous number (running literally into hundreds) of grades and sub-grades. The latest settlement lists 58 adult-wage categories for traffic staff, 44 for goods staff, 19 for permanent-way staff, 46 for locomotive shed and running staff, 19 for carriage and wagon staff, and 16 for signals and telegraph staff—not to mention canals, docks, tug-boat and dredger staff, or the salaried staff. On the workshop side (which will be separately dealt with) there is also a multiplication of grades: rates are fixed for three grades of building craftsmen, four grades of metal machinists, three of fitters, four of painters, the highest of each being for a time-served craftsman, the lowest for a semi-skilled worker (not a labourer).

The unions in 1945 submitted to the companies detailed proposals for a new, simplified wage structure with a much smaller number of grades. Although the companies agreed to remove a few minor grades, the main job of regrading remains to be done.

Not all these categories, obviously, carry different rates. But the general effect is to establish a promotion " ladder " for most types of work, in contrast with most industries where a worker "out of his time" is entitled to the agreed rate, and has no further agreed rise to expect.

For locomotive running-shed staffs there is a national agreement laying down a precisely defined "line of promotion." The young worker starts as an engine cleaner. When there is a day's opening for a fireman the senior cleaner (reckoned by service) does the job at fireman's rate, and, after having worked a total of 313 firing "turns," is entitled to the fireman's starting rate. When a regular fireman's vacancy occurs it will be filled by the senior qualified cleaner, and a driver's vacancy by the senior qualified fireman (promotions being made on a line and area basis). A fireman, once qualified, reaches his maximum rate (14s. above starting rate) in his 11th year in the grade; a driver in his 6th year. The effect of this is that in order to reach the top driver's rate (126s. 6d. per 48-hour week) the worker may have served with the company as much as 25 years or even more.

In other grades (except guards) the classification is according to responsibility, and not years of service. There is, however, a defined scheme of promotion in each company to a higher-grade position on the basis of seniority (e.g., from goods porter to checker), except in the salaried grades where suitability is the criterion.

The conciliation grades are arranged by each company, for promotion purposes, into "groups" or "steps" within a department, each covering a number of jobs of roughly equivalent status and wage rate (though the rates within a group vary quite considerably). For the manual classes there are usually three, four or five "steps" in each department. If a vacancy arises in one of the higher "steps," the senior man in the step immediately below is promoted (subject to suitability and good conduct). The recognised promotion area may be on a "whole-line" basis (e.g., for locomotive running and some higher posts) or on a district or regional basis. Seniority rules also apply when redundancy occurs in a grade or on the system as a whole: the junior man in the district and grade is reduced in grade, and the junior man in the district is the one to be dismissed. This is one reason for the importance of the innumerable grades in railway service, since each represents not merely a shilling or two on the wage rate, but an additional degree of security.

The process of promotion may occasionally take a worker from a wage grade to a salaried grade in the same department, but not, as a rule, from one department to another. A man who starts in "traffic" or "goods" normally stays there the rest of his working life, though there are no formal agreements on this except in the case of the locomotive grades.

For some types of work a scale relating to the precise degree of responsibility has been worked out. Thus signalmen are classified into six grades according to the number of "marks" allocated to the particular box, based on the amount of work which has to be done per hour. (There is an elaborate scale giving one mark per lever pulled or pushed, three per train signalled and cancelled, etc.) Motor-van drivers are classified by the size of the van; passenger shunters according to the "importance" of the station or sidings, as well as whether they are leading men or not; goods shunters according to whether the shunting is continuous or not, and so on.

The picture can best be given by the following table of sample rates for large grades.

Selected Railway Wage Rates (Conciliation Grades) from July 30th, 1945. Consolidated as new Standard Rates from July 1st, 1946, from which date war bonus totalling 28s. was consolidated into Standard Rates. (Rates shown are composite rates, for industrial area. London men get 2s. more and rural areas 1s. less. Drivers', firemen's and guards' rates apply nationally, but with a 3s. London allowance.)

Traffic Staff

	s.	d.
Porter, Grade 2	85	0
Grade 1	89	6
Ticket Collector, Class 1 ...	95	0
Station Foreman, Class 1 ...	100	6
Signalman, Class 5 ...	89	6
Special Class	114	6
Guard, Passenger & Goods, 1st & 2nd year ...	91	6
6th year ...	100	6

Goods Staff

	s.	d.
Porter	85	0
Loader	89	0
Carter	89	0
Checker	92	0
Working Foreman ...	95	6
Motor Drvr., up to 10 cwts.	91	6
8 to 20 tons	99	6

Permanent-way Staff

	s.	d.
Labourer	85	0
Sub-ganger	90	0
Ganger	96	6

Carriage and Wagon Staff

	s.	d.
Carriage Cleaner	85	0
Carriage & Wgn. Examiner	94	6
Electric Train Examiner ...	96	6

Locomotive Running Staff

	s.	d.
Cleaner (until 313 firing turns worked) ...	85	0
Cleaner (after 313 firing turns worked) ...	93	6
Fireman (1st & 2nd year) ...	93	6
(11th year) ...	107	6
Driver, 1st & 2nd year ...	113	6
6th year ...	126	6

Signal and Telegraph Staff

	s.	d.
Labourer	85	0
Installer, Class 3	92	6
Class 1	99	6
Asst. Lineman, Class 3 ...	94	0
Class 1 ...	97	6
Lineman, Class 1	107	6

Overtime and Night Shift

In an industry like the railways, where continuous service has to be maintained, the payments for night shift, Sunday work, overtime and " spread-over " duties (i.e., turns of duty with a break in the middle) occupy an important place in the wages structure. This is all the more so because the wages for many grades have been so low that regular overtime has often been regarded as the only way to make a living.

The rates for these duties are, on the whole, less favourable than in some industries where the working of overtime is less prevalent. Overtime is at time and a quarter (except between 10 p.m. and 6 a.m.) and Sunday duty time and three-quarters. Spreadovers up to 12 hours a day are allowed for all grades except trainmen and signalmen, and there is no payment for the hours not worked.

The detailed arrangements regarding rostered working for trainmen are too complex to go into here; it should be noted, however, that failure to employ adequate relief staffs on the footplate has resulted in overlong hours and too-frequent changes of shift, and a degree of interference with normal social life for which no adequate compensation is made in the wages paid.

The unions in their 1945 programme pressed strongly for double time for Sundays, ending of spreadovers and time and a half for overtime and night duty, but were refused. They obtained, however, improvements in Sunday rate and nightshift conditions.

Guaranteed Week

The comparative security of railway employment has always been the main factor on the credit side to set against the low wages, heavy work, awkward hours and lack of welfare facilities. The individual worker, unless large-scale redundancy develops, is not likely to be dismissed* except for infringing disciplinary rules. A job on the railway has traditionally been regarded, therefore, as " a job for life," and a large proportion of staff are excepted from unemployment insurance accordingly. Nevertheless, the steady reduction in staff from 1928 onwards has undermined this security to a considerable extent.

The guaranteed day and guaranteed week came into operation for conciliation grades in 1919. The guaranteed week arrangements provide that men available for duty are guaranteed a full week's pay (48 hours), apart from money earned by virtue of overtime, night duty, or Sunday duty. So long as a man is paid for the normal number of turns to make up his guaranteed week (even though worked in five days) there is no obligation to pay for any day on which he is not required to work. Sunday and Sunday-Monday turns are outside the guaranteed week.

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* Except in the case of casual, temporary and supernumerary staff, taken on by the hour, the day and the week respectively.

A man is entitled to be paid a full day for signing-on duty (except in cases of emergency turns).* Trainmen are entitled to a full day for signing on duty on a weekday in any circumstances.

In 1945 railway shopmen also obtained the guaranteed day and week of 47 hours—an important advance, especially when it is considered that in the engineering industry generally the guarantee obtained in 1946 is only for 34 hours.

Payment By Results

The scope of payment by results on the railways, apart from the shops, is limited to a few grades. The most important instances are:

Goods Depot Workers. At some (though by no means all) stations, staff are paid on an agreed piecework basis. These systems vary from yard to yard: the most common is probably the bonus based on straight tonnage handled, which (owing to the variety of types of package and load handled) is apt to result in widely-differing rates for a given amount of work. In some depots more elaborate classifications of the types of load for piecework purposes, based on the degree of effort required to handle them, have been agreed.

Drivers and Firemen. " Mileage payments " are made for all miles worked per day above 140 miles, at the rate of 1 hour per 15 additional miles.

As a rule, however, a job requiring extra work is dealt with by an increased time rate (i.e., a higher grading) rather than on a direct payment-by-results basis.

Young Workers

Young workers are paid on a wage-for-age scale: there is only one for the whole of the conciliation grades, with the exception of engine cleaners, though the variety of duties performed is quite wide.

Juniors Other Than Engine Cleaners

	Boys		*Girls*	
	s.	d.	s.	d.
Age 15	34	0	32	0
„ 16	39	0	37	0
„ 17	44	0	42	0
„ 18	51	0	49	0
„ 19	58	0	56	0

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* Emergency duties of up to four hours do not constitute a full turn, but are paid at overtime rate with a minimum of two hours.

Junior Engine Cleaners	s.	d.
Age 16 and under	40	6
„ 17	46	6
„ 18	55	0
„ 19	58	0

Junior wages staff working temporarily in adult positions are paid the full standard rate of the adult post.

The lack of a proper system of training and advancement for young workers is undoubtedly one of the main things discouraging entry into the industry. There are a number of what tend to be "dead-end" jobs (notably as van boys), and in many of the shops and sheds very little training of any kind is given. Moreover, even railway-shop apprenticeship is no longer an all-round training for a craftsman; the technical methods used are, in most cases, more than a generation out of date by normal engineering workshop standards. On the locomotive side the young worker is normally expected to spend a number of years on the lowest grade of work before becoming qualified as a fireman, and this again has resulted in a serious shortage of boys starting as cleaners in some depots.

Women Workers—Conciliation

In peacetime women employed on the railways formed only about 5 per cent of the labour force. They were employed in a few grades only—e.g., waiting-room attendants, female crossing keepers, refreshment-room workers, stewardesses—and their rates in these jobs were, and are still, far below the men's minimum.

Women's Rates in Jobs Done by Them Before the War

(Industrial)	s.	d.		s.	d.
Crossing Keepers (wives of railway servants)	45	3	to	32	9
Others	53	0	to	40	6
Ladies' Waiting-room Attendants	63	6			
Linen-room Attendants	65	6			

During the war, over 100,000 women came in to replace men. They were employed as porters, vanguards and carriage and engine cleaners (not so much because this was the most suitable work as because it was the lowest grade and allowed "up-grading" of the men); on engineering, painting and woodwork in the shops; as ticket collectors; and, more rarely, as guards, signalmen and van drivers. The unions established that, after a probationary period of three months, they should receive the men's rate for the job, plus the women's war bonus which is 4s. a week less than the man's.* Although a sex differentiation is thus maintained in principle, the " rate for the job " is more nearly achieved than in most industries.

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* Since consolidation, therefore, standard rates are 4s. lower for women than for men. The unions are seeking to abolish the differential.

Railway Workshops

The issue whether railway workshop rates and conditions should be fixed in accordance with those in outside industry, or should be treated as part of the railway service, was decided in 1922 by Decision No. 728 of the Industrial Court, which is still the basis for the agreements in this section. The 728 award rejected the claim made by the craft unions (which organised most of the fully-skilled men) that the district rates payable in outside industry should operate in the railway shops, and decided that they should be fixed on a separate railway basis, on the grounds that the workshops " cannot in practice be divorced from the other functions of the companies," and that the men enjoyed special privileges and security. There is, therefore, no obligation to follow district rates outside, although it is recognised that " the rates of wages paid by the railway companies cannot, without inconvenient consequences, differ too widely from the rates obtainable by the men elsewhere. . . ."

Partly because of this complication (that the railway workshops, unlike the railways, as such, directly compete with other industries for labour), the shopmen's rates and conditions have not been covered by the general conciliation scheme, but by a shopman's national council (including the Confederation of Shipbuilding and Engineering unions and the N.U.R.). The machinery provides for shop committees, works committees and line committees.* In practice, railway shopmen's wages have moved in recent years with those of railwaymen rather than the outside crafts.

The 728 Award attempted to group all railway workshops (previously widely varied in their rates and conditions) into five main classes, exclusive of London (according to the size and importance of the town concerned) with a differential of 1s. between each class. The usual differential between London and the lowest class (Grade 5) was 8s. In 1945 towns in Class 1 and 2 were reclassified as " A," and towns in 3, 4 and 5 as Class " B," and the classes were thus reduced to 3 in all. The resulting differential rates in the main gave Class A craftsmen 2s. 6d. or 2s. above Class B, and London 3s. above Class A (reducing the differential to 5s.-5s. 6d., and less for some grades).

The wage structure itself is much more detailed and complex than anything that exists in the engineering industry on a national scale. National uniformity means that much more has to be put down definitely in writing, instead of being settled on a basis of local expediency and bargaining strength between the stewards and the management.

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* The last functioning where there are too few employees to form a shop committee.

Full craftsmen's rates are at present appreciably lower than in outside industry, though they are in general payable only to men who have served their time and are fully skilled in all branches of their trade. In the slump, however, they were probably more stable than rates outside.

Comparison Between Railway Workshop and "Outside" Rates

	s.	d.
Bricklayers, Carpenters, etc.:		
Railway Shops, Class "A," 47 hours	98	6
Builders, Grade "A," 44 hours	110	0
Fitters:		
Railway, Class "A," 47 hours	98	6
Engineering (most districts) (time work), 47 hours	102	0
Cabinet Makers:		
Railway, Class "A," 47 hours	98	6
Furniture Manufacture (provincial), 44 hours	104	6

Labourer's rates are more nearly comparable with those outside (85s.-85s. 6d. in Class A, against 86s. in engineering, 88s. in building, 86s. 2d. in furniture manufacture), but still rather lower at the present time.

In the railway shops, provision is made for a large number of semi-skilled grades. There are, for example, three grades of carpenter: I is a time-served, fully-qualified man, II not fully qualified, but employed without special supervision in a skilled branch of the trade. III handymen and rough carpenters. Under builders' agreements all these would receive the full rate; but on the railways grade II gets 4s. and grade III 8s. 6d. below the craftsman's rate. Earnings, on the other hand, are increased by piecework. A similar grading applies to fitters and most other metal and building trades. For metal machinists, that disputed category for whom the majority of engineering districts have no skilled rate at all, the railways have no less than four; the highest, rated at 95s. (3s. 6d. below the skilled fitter's rate), must be capable of working without special supervision any class of machine from the simplest form to the universal type, while the lowest (grade 4) is an automatic machine tender requiring special supervision and rated at 87s. 6d.—only 2s. above the labourer. The position of the "semi-skilled" is thus more defined, but in practice probably a good deal less favourable than in most engineering shops, and very much less so than in other large organisations such as I.C.I.

The Court of Inquiry in arriving at the 728 Award laid stress on the non-competitive character of railway shop work. This should evidently have resulted in sheltered conditions for the shopmen. In practice, it has allowed the companies to economise in workshop plant and equipment to a striking extent, while the earnings of the workers have been subject to the general influences depressing railway wages as a whole.

Payment by Results

Piecework prices are required to yield not less than 33⅓ per cent on the basic rate excluding war wage or bonus, but local agreements may provide for a higher percentage. The effective minimum percentage as applied to the *whole* time rate for a fitter Class I in a Class I district (the highest outside London) is now only 16 per cent, and 14 per cent for a fitter Class 3. In the lowest-rated areas, for a fitter Class 1, it is 14 per cent, and for a fitter Class 3, 13½ per cent. In short, the same process has gone on as in engineering proper and in mining, and the extra payment guaranteed under agreements to pieceworkers is far smaller now than when the agreements were concluded.

Collective bonuses for gangs should yield each worker the minimum percentage, and should be so divided as to yield to each worker " his appropriate proportion "—i.e., it is to be shared in proportion to basic rates.

Piecework prices are settled locally, and must not be changed unless the material, means or method of production are changed. In some areas it is the custom to discuss prices with a local committee of the men. In case of dispute, representatives elected from the men concerned are the body to negotiate a settlement. In the interim, men are to be paid in accordance with the local practice (i.e., the change cannot be made before settlement).

Young Workers

Rates for young workers are as follows:

Rates of Pay of Apprentices, Boys and Youths

Age	*London* s. d.	*Other Places* s. d.
14	22 0	20 0
15	24 0	22 0
16	27 0	25 0
17	32 0	30 0
18	47 0	45 0
19	52 0	50 0
20	62 0	60 0

Women Workers

Except under dilution agreements, women workers in the shops receive a much lower rate of pay than men, comparable with the women's schedule in engineering. Since in other respects railway shop wages are quite distinct from engineering, it seems hard that on a point where general railway conditions are much more favourable than engineering the women should be denied the benefit.

Rates of Pay of Female Workshop Staff

Age	*London*	*Other Places*
	s. d.	s. d.
14	22 0	20 0
15	24 0	22 0
16	27 0	25 0
17	32 0	30 0
18	46 0	44 0
19	49 0	47 0
20	54 0	52 0
21 and over	63 6	61 6

Some Future Problems

The unions are now faced with the problem of working out a wage structure and negotiating machinery suitable to the nationalised industry. While the task may be less complicated than for mining, some formidable questions arise. The first and overriding need is to raise the general standard (the N.U.R. and R.C.A. in 1947 claiming an increase of £1 for all grades as a step towards this).

Perhaps the most difficult issue is that which is likely to arise in connection with redundancy. It is generally expected that the better co-ordination of railway and road services, and improvements in technical efficiency, will enable a better service to be given by a smaller manpower at any one time. This will, it is hoped, assist the railwaymen's demand for a 40-hour week and easement of awkward turns of duty, without reductions in pay. It does appear possible, however, that within the general framework of national agreements provision may be needed (a) for some compensation to redundant workers; (b) for some immediate improvement in wages where jobs are being staffed by a smaller number of workers.

The slowness of negotiating machinery also calls for remedy, especially so far as local issues are concerned. With a highly-centralised wages structure, many minor wage issues, which could be settled on the job in engineering or mining, create a precedent, and therefore tend to get referred to central machinery and require many months—sometimes years—to sort out. Although this delay is by no means peculiar to railways, it is of some importance when one is considering the future wages structure, and in particular how much scope should be left for flexibility and local adjustment above the minimum rate.

WAGES IN FURNITURE MANUFACTURE

Until 1946 wages and hours in the furniture manufacturing industry were based on separate district agreements. Hours varied from 47 to 44 in different areas and there were some 32 separate agreements on wages and conditions, none of them fully enforced in the industry. In the pre-war period the industry was largely unorganised (trade union membership in 1939 being about 25 per cent).

Between the two wars, changes in methods of production began to transform the industry from one of small shops and craft processes to a mass-production basis. A good deal of work was formerly done in very small workshops; many employers worked on so small a scale that they had to take their week's product—a sideboard or a dresser—round to the dealer on Fridays to get the money to pay the wages. But after 1918 larger workshops, and some large mass-production factories, began to grow up, both within and outside the traditional craft centres of the industry (such as East London, High Wycombe, Leeds and Manchester).

These factories did more jobs on a mechanised or partly mechanised basis. The work was broken down so that many workers had only a standardised operation to perform—say, making drawers—and never got an all-round training. At the same time many highly-productive processes were developed for the cheaper products, such as spray polishing, and machines, such as dovetailing machines, mortisers, tenoners, etc., were more widely used.

The unions, which had their members mainly among craftsmen in the old sense (although N.A.F.T.A. was based on the industrial union principle), were never able in the pre-war period to organise anything like the whole of the trade. A high proportion of employers refused to operate the agreed rates and conditions. They claimed that many of the workers in their employment were not skilled, but semi-skilled, and refused to pay them the rate; they insisted on working payment by results which was contrary to the union rules; and they raised strong objections to the rules which limited the number of apprentices and the amount of overtime, since they could make a good profit out of half-trained, but cheap, juvenile labour on the simpler jobs.

In 1939 the Government took steps to introduce a Trade Board with national minimum standards for the whole industry. This helped to stimulate the formation of the National Federation of Furniture Trade Unions (mid-1939) and the British Furniture Trades Employers Confederation. Shortly after the Trade Board a Joint Industrial Council was formed and direct national negotiations began to play a bigger part in industry.

During the war period the agreements on cost-of-living increases, dilution, employment of women, etc., were made on a national scale.

In 1946 a complete new national agreement was arrived at. It reduced the 32 district rates to two (London and Provincial) and established that all adult workers on productive work should be entitled to the journeyman's minimum rate.

The information which follows relates to the provisions of this new agreement. It covers furniture manufacture, including cabinet making and upholstery, radio cabinets, and all woodwork carried out in a furniture factory, but not the manufacture of bedding or blinds. There are separate agreements with separate employers' associations for ancillary sections—for piano manufacture, for cane and willow furniture, for sports goods, for glass, and for artificial limbs—which provide conditions broadly similar, but more favourable in some respects.

Rates of Wages

Under the new agreement hours are reduced to 44 in all districts.

The minimum wage structure is based on three main grades, according to skill. The grades are, for men: (1) the journeymen who do the work of cabinet making, polishing, veneering, upholstering, wood machining, mattress making, chair making, blind making, soft furnishing.* (2) Qualified packers and hand sandpaperers, who get 1d. above the labourer's rate. (3) Labourers, porters and other workers.

Women are classified (1) and (2) as journeywomen in two grades (which do not correspond to the male craftsmen's) according to skill, covering most of the sewing, machining, caning, upholstery and cutting; (2) as labourers and non-productive workers. Current minimum time rates for the grades are as follows:

Current Minimum Time Rates (*August*, 1946)
Men (21 and over)

	London		*Provinces*	
	Basic	*Cost of Living Bonus*	*Basic*	*Cost of Living Bonus*
	s. d.	s. d.	s. d.	s. d.
(i) Journeymen	2 2½	4	2 0½	4
(ii) Qualified packers and hand sandpaperers ...	1 10	4	1 8½	4
(iii) Labourers porters and other workers ...	1 9	4	1 7½	4

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* Carvers, who are especially skilled workers, get a considerably higher rate under special agreements (about 3s. 4d. an hour minimum in London). In London each individual carver is rated and issued with a card specifying wage rate by a Rating Committee (on which the trade unionists sit) according to his degree of skill, knowledge of design, variety of work of which he is capable, etc.

Women (19 and over)

	London	*Provinces*
Journeywomen (i) polishers, upholstery cutters, loose-cover cutters, soft-furnishing cutters, carpet machinists, caners, and hand sandpaperers ...	s. d. 1 8½ (laid down as ⅔ London journeyman's rate plus bonus)	s. d. 1 7 (laid down as ⅔ Prov. journeyman's rate plus bonus)
(ii) Sewers, sewing machinists, cushion fillers, women fixing fabrics to radio cabinet frets and similar jobs ...	s. d. 1 7 (laid down as 1½d. per hour below (i))	s. d. 1 5½ (laid down as 1½d. per hour below (i))
(iii) Women labourers, porters and others on non-productive work	s. d. 1 4¾ (⅔ of labourer's rate)	s. d. 1 3¾ (⅔ of labourer's rate)

It is emphasised that these are minima and do not prevent the operation of more favourable rates, either in an individual firm or under an agreement of any particular union. This applies to the agreement as a whole.

Payment By Results

The woodworking unions in most districts before the war opposed and did not recognise payment by results in those industries for which they were mainly responsible. Their rules forbade it, and provided for fining or expulsion of any member working payment by results, except in industries such as engineering where piecework was provided for under the main agreements. This does not mean that no payment-by-results working took place on furniture proper. In an industry where so many firms were non-federated and so many workers unorganised, a good deal of piecework and payment by results could go on " on the side," uncontrolled by union agreements to safeguard the workers. In upholstery the unions did recognise some forms of piecework.

During the war, payment by results was officially accepted by the unions as a temporary measure in factories covered by furnishing trades agreements. In aircraft a number of cabinet makers and carpenters were, of course, employed on Mosquitoes and other wooden types, under engineering conditions, which meant that payment by results was the normal system. Later it was officially extended to utility furniture. Not until the new national agreement of 1946, however, did it become a permanent part of the wage structure.

The terms of the agreement provide that either individual or collective payment-by-results schemes may be worked subject to agreement on each scheme by the employer and the unions in the shop. All such schemes must guarantee the worker his minimum time rate, irrespective of earnings. The minimum time rate must also be paid for time lost in the factory due to shortage of materials, changes of design and other causes beyond the worker's control.

The individual jobs are to be evaluated in time, not in price. Times are to be arranged between the employer and the workers, the employer and the shop steward, "or in some other way mutually satisfactory," and variations must be made in the same way. Times are to be such as "may reasonably be expected" to enable the average productive worker by appropriate effort to earn 25 per cent above his minimum time rate.

Collective bonus should enable the group as a whole to earn 15 per cent above time rates. No provision is made in the agreement as to how the collective bonus should be divided between the workers.

Young Workers

The new J.I.C. Agreement makes further provision than ever before for the young workers.

Boys

Up to 16 all boys are paid as follows:

	Per cent of the male labourer's rate
14 and under 14½	36
14½ ” ” 15	27
15 ” ” 15½	29
15½ ” ” 16	31

Per cent of the

Girls

	woman labourer's rate
14 and under 14½	36
14½ ” ” 15	39
15 ” ” 15½	42
15½ ” ” 16	45

From 16 to 21 young workers are divided into (1) apprentices, learners or juvenile production workers; (2) other young workers (packers, labourers, porters, hand sandpaperers).

An apprentice or learner must receive a certificate from the employer that he is employed by him to learn a specified craft, and the employer must submit his work for examination on request of the J.I.C. The employer must give leave for him to attend technical classes in employer's time up to eight hours a week in the first two years of apprenticeship. The proportion of apprentices, learners and junior productive workers is not to be more than one to three skilled adult workers in the particular craft (except that one apprentice may be employed where under three adults are employed on the craft). (The ratio is to be established separately for boys and girls every six months).

The length of apprenticeship or learnership is five years for boys, and three for girls.

Wage scales for young workers of 16 to 21 are as follows:

Youths

	Apprentices, learners and productive workers. % of adult in same grade	*Other young workers. % of adult in same grade*
16 and under 16½	30	34
16½ ,, ,, 17	35	38
17 ,, ,, 17½	40	42
17½ ,, ,, 18	45	46
18 ,, ,, 18½	50	50
18½ ,, ,, 19	55	55
19 ,, ,, 19½	60	60
19½ ,, ,, 20	65	65
20 ,, ,, 20½	72	72
20½ ,, ,, 21	81	81

Girls

	Apprentices, learners and productive workers. % of adult in same grade	*Other young workers. % of adult in same grade*
16 and under 16½	45	49
16½ ,, ,, 17	52	55
17 ,, ,, 17½	59	61
17½ ,, ,, 18	66	67
18 ,, ,, 18½	73	74
18½ ,, ,, 19	81	81

Homeworkers

There is still a certain amount of homeworking, especially in the cabinet trade. The agreement lays down that homeworkers' time rate shall be 15 per cent above that agreed for the industry as a whole.

Guaranteed Week

The worker is entitled, after three months' employment with any employers, to one week's notice of dismissal (except in case of misconduct). This would appear to constitute a guaranteed week in the industry.

Overtime

Overtime, weekend and holiday work is paid as follows:

Mondays to Fridays, inclusive:

First two hours, time and a quarter.
Second two hours, time and a half.
Remainder, double time.

Saturdays (five-day week):

(i) If at least four hours' work is available·
First two hours, time and a quarter.
Second two hours, time and a half.
Remainder, double time.

(ii) If less than four hours' work is available:
Time and a half.

Saturdays (five and a half-day week):
First two hours, time and a quarter.
Second two hours, time and a half.
Remainder, double time.

Sundays and public holidays (as defined herein):
All time, double time.

Holiday Payment

Workers are entitled to paid holidays on a scale varying according to the number of weeks' employment with the employer concerned during the preceding 12 months. A worker who has been employed for 42 weeks gets six days with pay, for 35 weeks he gets five days, and so on down to seven weeks, for which he gets one day. A worker who has worked for more than one employer during the 12 months will have to collect his holiday pay from each of them. Young workers under 17 in their first job have a shorter qualifying period (24 weeks' work entitling them to six days' holiday and eight weeks to two days' holiday).

Five Bank Holidays (or local equivalent), and any other proclaimed as a National Holiday, are paid for.

Hours of Work

The normal working week is 44 hours on a day or night shift; on three-shift systems the working day of eight hours is to include half an hour break for meals. The week may be spread over five or five and a half days, at the discretion of the employer, but a month's notice must be given of any variation, and variations must not be made more than once in any three months.

Where shift working is necessary to speed production of national importance, the hours must be: first day shift 6 a.m. to 2 p.m., second day shift 2 p.m. to 10 p.m., night shift 10 p.m. to 6 a.m. A worker may normally change shift only at the weekend. Allowances in addition to the normal rate (not counted for payment by results, holidays, overtime, etc.) are paid to shift workers at the rate of 2½d. per hour on day shift, and 3d. on night shift.

COALMINING WAGE PROBLEMS

The wage structure in the mining industry has undergone a greater transformation during the war than in any other industry. The changes gave belated recognition to the fact that it had become a most serious obstacle to maintaining coal production. The present wages structure, which is stabilised until 1948, is an interim arrangement. It is already clear that one of the most complicated tasks facing the new Coal Board will be the establishment of a reasonably satisfactory new wages system by the time the present agreement comes to an end.

The technique of mining varies enormously from one pit and area to another, and with it the type of work required of the individual miner, and the kind of training given for their jobs.

Because of the anarchic methods of planning and organisation of the industry, mechanisation often failed to give the best results in terms of increased coal output; for example, the face work was often mechanised while the haulage remained in a primitive state, and the general layout of the pits grew worse from year to year. Moreover, the natural difficulties encountered on the whole increase as time goes on, since the easier coal seams become exhausted. The increase in the amount of work done per miner is not adequately measured, therefore, by the figure of coal output per man shift, which rose over the period 1913 to 1937 by 15 per cent.* Allowing for the increasing difficulties, it is evident that there has been not only an increase in mechanisation, but also intensification of the labour of the worker.

Between the wars, the increased productivity of the miner was reflected not in improved wages, but rather in unemployment, insecurity and short-time working, which enabled the owners to keep wages down. Miners' real wages were cut, and much more severely than in industry generally. It is now clear that wages of these years were far below the value of labour power, in that they failed to provide for the maintenance and renewal of the labour force. Although big improvements have been made during the war, the wages, working conditions and prospects are still insufficient to maintain the manpower the national needs require.

Since working conditions in mining are necessarily harder than in other industries (although a great deal could be done to improve them), it follows that *in conditions of full employment* nationally the mines will get labour only if their wages are comparatively high. This is the basis of the N.U.M. demand (in their 1946 "Charter," endorsed in principle by the Government) that wages should at all times compare favourably with the standard in any other industry.

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* For example, in tunnel-driving a tremendous advance was made where the old method of driving holes in the rock by means of " hammer and bar " was replaced by the automatic pick: but the effect of this in terms of output per man-shift would not be seen in the statistics, if, because of working more " faulted " and inclined seams, there was more tunnel-driving to be done in proportion to coalgetting than there used to be.

Classes of Workers

Very broadly, the main types of workers are:

(1) *Colliers*—meaning men who work at the face and who cut, blast and load their own coal into tubs or trams (where hand methods are still used), or shovel the coal, already cut and blasted by the previous shift, on to the conveyor. In hand-getting the miner does all his own timbering; in a mechanised face prop extraction from the waste is usually done by specialists. Colliers' helpers (usually young men learning the trade) work alongside the collier.

(2) *Other coalface workers.* These include the packers or " stonemen " who replace the temporary timber supports by permanent stone walls and packs; the steel prop drawers; the men who work on the coal cutter; drillers of shot holes and the shot firers; the men who shift the conveyor forward into position for the next day's work, or move it to another part of the mine; the " ripper " who cuts the roof and bottom to maintain the necessary height in the roadways directly behind the face.

(3) Workers engaged on " development " work, such as driving tunnels or roadways through rock to get into a coal seam; driving coal headings to open up a new longwall face, etc. Tunnel driving is as heavy as coalface work, involving the use of automatic picks and drills.

(4) *Haulage workers*, engaged on the transport of coal to the shaft bottom. They include those who manhandle trams at the end of the conveyor and at the cage, those who make up the " journeys " (trains), drivers of ponies or locomotives, etc.

(5) *Maintenance workers* and craftsmen of various types, such as electricians and fitters; timbermen and repairers of roadways; erectors of steel arches and girders; blacksmiths, etc.

(6) Various miscellaneous grades, including enginemen (in charge of the stationary electric or compressed air engines that supply power for the haulage), pumpmen, ostlers and stablehands, men in charge of the lamp room. This is the lighter work, and done largely by older men and partially incapacitated compensation men.

(7) *Surface workers.* These include men in charge of winding engines (a responsible job usually rated as high as coalface work), air compressors, washery plant, etc; craftsmen doing heavy repairs to plant, wagons and underground machinery; locomotive drivers,

shunters, platelayers and other " railway " grades; and the ordinary surface hands engaged in haulage, washery plant, etc. In some districts (notably Lancashire) there are women surface workers, usually employed on the " hand-picking " of coal and paid (as adults) about 70 per cent of the men's wage.

The qualification for a skilled collier's job is simply the ability and experience to hold it down; there has hitherto been no formal apprenticeship or training.*

National and District Wage Agreements

In the past mining wages have been negotiated and fixed on a district basis. Except for a brief period during and after the First World War, there were no national agreements proper until the outbreak of the Second World War. The mine owners were the last body of employers in a major industry to insist successfully that not merely the basic rates, but wage advances and working conditions must be negotiated district by district. The variations in district rates and earnings have been very wide by comparison with most other industries.

Differences in the thickness and character of the seams, the age of the pits, and the relative efficiency of management and equipment resulted in wide differences in productivity between districts. Further, the exporting districts, in a highly competitive market, got lower prices and profits than the " inland " districts, and this resulted (through the ascertainment system of wage fixing) in a further lowering of wages in the exporting districts.

In 1942, for the first time, a national minimum wage of 83s. underground and 78s. on the surface was established (by the Greene Award, June, 1942). In January, 1944, this minimum was raised to 100s. underground and 90s. on the surface, and in March, 1944, an additional 6s. a week was added to the minimum for certain craftsmen and skilled workmen.

The minimum, however, affects the lower-paid districts only; it is not the actual rate in force throughout the country. The most profitable districts (Notts and Derby, for example) pay well above it. The earnings of pieceworkers are also very uneven, and in practice the wages earned in different districts all vary widely, although there is rather more uniformity than there used to be.

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* In the Dutch industry (where a large part of the mines are State-owned) boys do not go underground on productive work till 18, but do 1½-2 years half-time in mining school (including training in a model mine); when they do go down they work under supervision for two years (at piece-rates up to 80 per cent of the hewer's wage): by 23 years they receive a full hewer's rate on passing an examination: special exams. are held for stonemen, fitters, electricians, etc. The Reid Report comments (para. 116): "This scheme at any rate illustrates the possibility of formal training and skilled status in mining work." Training is being introduced in the British coalfields in 1947.

	Cash and Kind			
	Earnings per shift		*Earnings per week*	
	1938	1945 (*2nd qr.*)	1938	1945 (*2nd qr.*)
	s. d.	s. d.	£ s. d	£ s. d.
Northumberland	10 11	25 1		5 18 11
Cumberland	11 0	24 4		5 18 1
Durham	10 11	24 1		5 17 1
Yorkshire	12 10	25 0		5 15 2
N. Derbyshire	12 6	26 1		6 8 3
Nottinghamshire	14 8	28 6		6 15 10
S. Derbyshire	11 3	27 7		7 8 4
Leicestershire	12 6	28 10		7 9 8
Lancs & Cheshire	10 10	23 0		5 16 0
North Wales	10 8	22 9		6 1 11
North Staffs	11 7	24 5		5 7 11
Cannock Chase	11 1	21 11		5 2 9
S. Staffs & E. Worcs	10 6	22 4		5 9 1
Shropshire	10 1	24 7		6 0 6
Warwickshire	13 11	26 4		6 2 3
S. Wales & Mon.	11 2	22 4		5 7 0
Forest of Dean	10 3	23 4		5 17 6
Bristol & Somerset	9 5	22 0		5 8 10
Kent	12 5	25 4		5 12 2
Scotland	10 11	22 4		6 2 11
Great Britain	11 8	24 2	2 17 11	5 17 11

—(Ministry of Fuel and Power Statistics.)

Before the war Notts shift earnings were 34 per cent higher than those of typical exporting districts such as Durham, Northumberland and Scotland, and 33 per cent above South Wales. Now Notts and Leicester are 27 to 28 per cent above South Wales and Scotland, and 18 per cent above Durham. The weekly wage in Leicestershire (a new, developing coalfield) is almost 40 per cent above South Wales or North Staffs. The statistics available are admittedly incomplete (they lump the earnings of men and boys together, for example), but the general picture is clear enough.

Not only the minimum wage, but the grades and wage structure vary in different districts. There are some grades which can be said to correspond in the various districts: colliers and haulage hands, for example.* But in other cases there are not merely different terms, but different grades and rates, even where the system of production is broadly similar.

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* Even here the names vary. Collier, hewer, getter, are all coal-getters; the collier may be assisted by a collier's help, a drawer or a putter; a haulage hand may be termed a rolleywayman, and so on.

A few examples will illustrate the point. In Lancashire, a collier on the minimum piecework wage, a drawer, a conveyor shifter, all get the same shift wage: in South Wales the collier's minimum wage is highest, the " waller's " 5d. a shift less, and the " helper's " 4d. a shift less again. In South Wales there are two grades, and sometimes three, for skilled jobs according to the degree of all-round skill and responsibility (e.g., repairers, roadmen, underground enginemen, fitters and electricians), in many other districts only one. The minimum wage for a collier who fails to make normal piecework earnings is the same as the day-wage collier's rate in one district, 1s. 5d. a shift less in another. In South Wales in 1937, over 100 separate grades were grouped on agreement into five grades for wage purposes.

Some of these differences correspond to differences in the method of production, others are the quite arbitrary outcome of collective bargaining by a variety of district employers' and trade union organisations.

Methods of Wage Variation

From 1921 until 1939 standard wages, both piece and time rates, were varied periodically in accordance with the profits of the industry in each district. That is, the basis rates for the district, and the local piecework price lists were subject to the addition of a percentage arrived at on the basis of the ascertained " net proceeds " on coal-mining for the district after deduction of working costs and standard wages and profits. The precise terms of the agreements varied from district to district; the date of the basis rates might be anything from 1879 onwards. Ascertainments might be made quarterly or monthly; the division of any surplus between wages and profits might be 85 – 15 or 87 – 13, according to district.

The ascertainment system was publicised at the time of its introduction, as the latest thing in scientific and automatic wage systems. It was contrasted favourably with the earlier sliding scales which existed in some districts based on the selling price of coal (almost all of which had disappeared by 1914) and with the rough-and-ready methods of collective bargaining and " trials of brute strength " such as the industry had seen in 1911 and 1919. In the event the system worked out very badly for the miners, and " trials of strength " were more severe than in any other industry.

A minimum percentage addition (i.e., a minimum wage) for each district was provided in the agreements, below which wages might not fall, whatever the profits might be. In practice, miners in the majority of districts spent the greater part of the years from 1926 onwards on the minimum percentage; even if a surplus arose in any one period it was usually swallowed up in meeting a " deficiency " of profits (due to the obligation to pay a standard wage) in the preceding period. As a result, when prices were stabilised by the Government during the Second World War, and the ascertainment system fell into abeyance for the time being, its passing was unlamented except in one or two of the Midland districts.

Some of the practical disadvantages which the miners found in the system as it worked out were as follows:

(1) The "net proceeds" taken as a standard included only the direct profits on coal getting, which tended to decline as more difficult and deeper seams were worked, and excluded the profits on the so-called "ancillary activities," such as distribution, coking and coal-tar chemicals, bunkering and iron and steelworks, which in practice provided the colliery shareholders with most of their profits.

(2) The district basis of the agreements led to wide district variations in wages and divisions among the workers. The strong bargaining position of the workers in the more profitable districts could not be used to force an advance for the industry as a whole, and the employers were able in times of crisis to play one district off against the other.

(3) Instead of a living wage being made a first charge on the industry, cut-throat price cutting took place at the expense of wages. Minimum rates (which became the standard in practice) were far too low to live on, and eventually drove the new generation away from the mines altogether.

In 1940, after the Government had taken control of coal prices, an agreement was reached between the M.F.G.B. and the mine owners that while the districts' agreements would continue to operate, wage increases to meet war conditions (and especially the increased cost of living) should be made on a national basis. A cost-of-living sliding scale was adopted (7d. per shift extra per point variation in the cost-of-living index). Like other sliding scales, this has been virtually stable since 1941, due to the Government's policy of artificially "pegging" the cost-of-living index, and the miners have sought for other "flat-rate" and minimum wage increases outside it. All these have, during the war, been on a national basis.

National negotiating and conciliation machinery for the industry as a whole began to operate regularly in 1943. In March, 1944, a new agreement stabilised the new minimum (100s. underground) and the district rates till the end of 1947, when six months' notice might be given by either side to change it. Similarly it stabilised rates at each pit (except in case of a change in working methods or conditions). The district ascertainment system was to remain in abeyance while the agreement lasted, and existing ascertainment percentages were to be merged into the district rates.

There are few miners' leaders who favour a return to district ascertainments. Some, however, see advantages in a national ascertainment of proceeds as the basis for wages in the nationalised industry. But in view of the large element of Exchequer loans, the long-term development plans which will dominate the industry for the next decade, and the urgent need to make the industry attractive to more workers, it is clear that no "automatic" system on the old lines could succeed. In practice it may well be found more effective, while collecting regular data on changes in proceeds and productivity, to fix wages independently of any rigid calculation, thus giving more flexibility in price fixing and placing mining on the same footing as the general run of British industries.

Piece Rates and Time Rates

Some classes of mineworkers are on piecework and some on day-wage rates. The hewers or "getters" of coal at the face are usually pieceworkers, but in difficult places, on development work, etc., may become day workers. Other underground workers (such as haulage hands, enginemen, pumpmen) and surface workers are usually day-wage men. Grades such as packers (who build the stone walls or "packs" to support the roof), rippers and repairers may be pieceworkers in some districts and day-wage men in others. This may vary, however, from pit to pit, and even within a single pit men may be found doing the same job as pieceworkers and day workers.

The form of piecework has altered with the changes in mining methods. In the old days the typical working unit was the man and boy in an individual "stall," earning individual piecework, whereas on a modern mechanised face the piecework earnings are pooled and shared out among all the colliers.* In some cases face workers, other than the colliers, share in the pool, but this is not very common. A number of ancillary operations, such as ripping and packing, are becoming piecework jobs in their own right.

In the earliest times, the "butty" system—i.e., sub-contracting—was a widely recognised form of wage payment. Under this system, one worker, the "contractor" or "stallman," picked by the manager, would take a whole job on at piecework rate and employ workers on it. Usually he would pay them a day wage above the normal, but well below his piecework price for the work. This practice has long been considered by the union to be harmful to trade unionism, leading to double exploitation of the workers concerned. It is not common now, but is still found in some districts, especially on awkward jobs of development, such as tunnel driving.

In order to get the best output from a gang on this type of job without the "slave-driving" which may well arise with the butty system, some pits operate a system whereby a gang elects its own chargeman, and contracts for the job at the price; the chargeman is then responsible for organising the work, and when piecework earnings are shared out the workers agree that he should draw something extra for the additional responsibility.

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* Except where a system of payment by measurement obtains, under which payment is made according to area excavated by each man.

A scheme for a collective output bonus for a district as a whole, based on "beating the target," was tried out in 1942, but was unsuccessful—partly because the incentive to produce was much too remote to affect the individual worker's attitude to his job.

Price Lists

Piecework prices are fixed by lists negotiated separately for each coal seam in each pit. These specify the price payable for the tonnage (or yardage) of coal won, and also, in many cases, for ancillary work. Owing to the differing natural conditions at each colliery, the prices vary not only from seam to seam, but in different parts of the same seam, according to the different physical and geological conditions encountered. Thus the list for a given seam may include a tonnage or yardage rate for coal cut, an extra tonnage or yardage rate for "stone" or "clod," a piece rate per yard for ripping roof or cutting floor for roadways, a payment for working in wet places, for setting and extracting props, and so on.

In practice, the piecework rates vary not only because of differing natural conditions between pits, but also in accordance with the relative strength of the two sides in past struggles, and widely differing piece rates exist for the same work in the same seam at neighbouring collieries. In the past such lists were treated by the owners as secrets. And since it was simpler to amalgamate a group of pits financially than to change the price list at any of them, the same company often paid completely different prices in different pits for the same amount of work.

The variations tend to be all the wider because in most districts there is no firm agreed relationship between piecework prices and time-rate earnings, though the pieceworker is legally entitled to the district minimum shift wage for his grade, whatever his earnings. In Northumberland and Durham a fixed standard of earnings (the "county average") is taken as a yardstick for each grade of pieceworkers, the object being to enable pieceworkers at each pit to earn wages approximating to the average for the county. If the hewers in a given district of a pit are unable to earn the "county average" on their price list they can, if the average deficiency exceeds 5 per cent, apply for a revision. In most districts a collier, who because of working in an "abnormal" place (faulty coal, bad roof, lack of trams) is unable to earn a normal wage, can apply for a special addition to his wage (fixed by direct agreement) over and above the district minimum. The question of whether these allowances are applicable in a particular case is a fruitful source of disputes.

The piecework system has been more essential to the employers in mining than in most other industries because of the greater difficulty of supervision. The differences in natural conditions are, however, difficult to allow for accurately, and the work does not lend itself to the refinements of time study and rate fixing found in engineering factories. Every new list has been primarily a trial of bargaining strength.

Some miners' leaders take the view that piecework, especially under modern mechanised conditions, is bound to endanger safety by excessive speed, and would like to see the whole of underground work placed on a day-wage basis. Others hold that the scramble to get through the work, even to the neglect of safety precautions, has arisen not from piecework as such, but from the very low pre-war wage rates and the uncertainty of employment, which drove the men to make every penny they could at whatever risk. With higher rates and a guaranteed weekly wage, in their view, piecework should be safe enough and output improved.

The tendency with certain types of modern machinery is to eliminate piecework in coal-getting. The cutter-loader is usually operated by a team of six workers, who are paid a day rate, plus a bonus for completing a given cycle of operations. This day wage is usually fixed at a level equivalent to good piecework earnings under the ordinary mechanised methods.* In the U.S.A. the tendency to day wages rather than piecework is marked.

All the wartime additions to wages up to 1944 were made in the form of flat-rate increases per shift or per week, common to all grades, and the piecework rates were left untouched, so that by March, 1944, under two-thirds of the pieceworker's wage (in some districts) was affected by the amount he produced.

Moreover, the national minimum wage awards—first the 83s. underground awarded by Lord Greene in 1942, and then the 100s. awarded by Lord Porter in 1944—were awards to the lowest-paid, and in themselves provided no "consequential increases" for the higher-paid or for pieceworkers, the Tribunal holding such increases to be "inconsistent with the granting of what is merely a minimum wage." This naturally made the workers unwilling to be upgraded to work at the face, which is both more strenuous and more dangerous than jobs "outbye" on the roadways—and made the pieceworkers themselves unenthusiastic for extra effort which brought them in such a small return.

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* E.g., in Notts, on power-loader faces, for completing a 120 yd. length of face, 6 ft. thick by 4 ft. 6 ins. deep, the men receive £2 2s. 8d., plus 5s. for completing the face—a total of £2 7s. 8d. per shift.

The dissatisfaction of the pieceworkers was one of the underlying causes of the wave of " Porter strikes " after the announcement of the award of January, 1944. After considerable resistance the Tribunal in March, 1944, made a further award for pieceworkers, the effect of which was to convert all the war advances made in a district, except for 2s. 8d. a shift cost-of-living bonus, into a new percentage to be applied to piecework earnings, (calculated as the percentage which the total flat rates for the district bore to the district minimum shift rate). This meant that every pieceworker earning above the minimum (which meant practically all pieceworkers) received an increase.

The difference between the pieceworkers and the day-wage workers is narrower in many areas than before the war,* and, while in some ways this is not an unsatisfactory thing, the difficulty of getting face workers continues to be the most acute aspect of the manpower crisis.

Young Workers

Young workers underground in most parts of the country are employed at first on haulage work and not at the coalface. In the South Wales coalfield, where the large size of the trams makes them too heavy for boys to handle, men are employed on the haulage and the lad goes straight to the coalface to be trained as a collier's helper.

A minimum national scale of wages related to age was first laid down (after prolonged resistance by the mine owners) in September, 1943, ranging from 32s. underground at 14 to 62s. at 20½. This minimum, which was closely based on the existing rates, was strongly resented as too low, not only by the boys in the coalfield areas, but by the compulsory recruits (Bevin boys) coming in from outside. The cause of the dissatisfaction was not only that these lads had to live away from their families, but that the gap in earnings between a boy of 18 to 20 and a man of 21 was much greater than in outside industry, and the rates themselves were lower for these ages than in other trades and areas. In January, 1944, the Board of Reference was obliged to raise its award (largely because of the Bevin boy aspect of the case), and the following minimum scale was established.

	Underground		*Surface*	
	s.	d.	s.	d.
14	38	6	31	6
14½	40	6	33	6
15	43	0	35	6
15½	45	6	38	0

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* D. D. Evans, Clerk of the S.W. Area, N.U.M., estimates that where the minimum wage was 63 per cent of typical piecework earnings before the war, it was 82 per cent of piecework earnings (at the same level of output) in 1946.

	Underground s. d.	Surface s. d.
16	48 0	40 6
16½	50 6	42 6
17	54 0	45 0
17½	57 6	47 6
18	70 0	60 0
19	75 0	65 0
20	80 0	70 0

Like all the national scales up to now, this is a *minimum* applying in the lowest-paid districts, not the actual rate paid throughout the country. In some districts (e.g., Scotland) a young worker on an adult job is entitled to full adult wages.

In certain cases (notably South Wales) where the young workers are working with pieceworkers the price lists are drawn up as " man-and-boy " lists, and the collier pays his boy the day wage out of his piecework earnings. This practice is, however, less common than it was, owing to the decline in hand methods of getting coal.

Training

Training of young workers is only beginning. There are no apprenticeships; the Reid Report comments:

> " In the days of hand-got coal there was little done to train the ordinary miner. Boys were sent into the mines along with their seniors and gained experience and knowledge by example and precept, and on the whole this seems to have been sufficient for the methods practised fifty to sixty years ago, since it is on record in the Report of H.M. Inspectors of Mines that the death rate in British mines continually fell during the last quarter of the nineteenth century.
>
> " With the coming of electric power to the mines, some forty years ago, there was an immediate need for special training. Electrical machinery, with its accompanying cables and switchgear, was put into use for lighting, pumping, hauling, coal cutting, and eventually face conveying, trunk conveying, electric drilling and, in fact, for a multitude of ancillary operations which used previously to be done by other means. All these developments were rapidly taking place in the first twenty years of the present century. Yet there was no adequate scheme for training the men to use this new power, and the poor results of mechanisation have been partly due to this cause."

It is generally agreed that better training would both help to reduce the accident rate and make for more efficiency.

With modern types of machinery more boys will require mechanical training than in the past, and fewer will be employed on jobs where endurance is the main factor. Since modern haulages with large trams will require skilled men and not boys to operate them, " there will be little opportunity for the young entrant to pick up his pit sense with a rudimentary training on the haulages, so that most of them will have to work on the face almost from the start of their employment underground." (Reid, ibid.) There will be less pressure to allow boys underground at an early age and more need to give them a proper training and status (it is noteworthy that in Holland boys attend one and a half to two years mining school, including school work, work in a model mine, and surface work, before going down the pit, and are paid slightly above surface wages).

Under Regulations made in 1945, all new entrants must receive at least 264 hours training in working hours before being employed underground. The possibility of a more formal apprenticeship, not only for craftsmen, but for coalface work is now under discussion.

Guaranteed Week

Before the Second World War, miners suffered severely from organised short time and seasonal lay-offs. In the summer the average number of coal-getting shifts worked weekly over the country as a whole fell to four, or even less. In many pits and districts only three shifts were worked for long periods. But the individual miner did not necessarily find work on each coal-winding day. The three-shift week, or even an occasional single shift's work, was the lot of many miners, especially in the depressed exporting coalfields. With a huge reserve of unemployed manpower to cope with any unforeseen demand, even at the peak periods, there was no incentive to reorganise the industry and produce for stock in the slack periods, or to concentrate development work at these times.

During the Second World War, under the E.W.O., the miners, for the first time, became entitled to a guaranteed minimum wage for the full shift and week if there was no work available for them. The guarantee given was fuller than in most other industries. The day-wage worker was guaranteed the minimum week's wage, and the pieceworker his minimum wage for any shift lost, or any part of a shift (not less than one hour) during which piecework was not available, subject to willingness to do other work which could reasonably be required. This guarantee (the cost of which was met out of the Coal Charges Account and not out of the costs of individual pits) was continued by agreement after the E.W.O. was removed (coal-mining continuing to be subject to the Control of Engagement Order).

Some Future Issues

During the Second World War considerable progress was made towards a national wage structure, but it is far from complete. The national agreements are still minima superimposed on the underlying district agreements, and the variations are still extremely wide, as the accompanying table shows. Until the return of the Labour Government there was always the danger that pooling would be ended once the emergency passed, and the districts would be forced back on their own resources. Now that the nationalisation of the mines has ensured a permanent financial basis for national agreements, the way is open to negotiate a national agreement on long-term lines. This will undoubetdly be one of the most important tasks facing the National Coal Board in its first years of office, and emphasises the importance of having on the board members with the most detailed and comprehensive knowledge of the working of existing agreements from the miner's angle.

Some of the problems which will have to be tackled are already clear.

(1) Should there be a common national basic wage scale and system of grading workers for all districts, irrespective of the productivity of the seams and quality of the coal?

There are strong arguments in favour of this. The work is certainly no easier in the thinner and more faulted seams, and if they are worth working at all in the national interest, the men concerned ought not to be penalised financially.

(2) What system should be adopted for fixing piecework prices? Are existing lists too low in relation to day wages? Should a common minimum standard of earnings above day wages be laid down as a basis (perhaps on the lines already existing in Northumberland and Durham)? Are any measures necessary to level up the piecework prices in neighbouring collieries working the same seams under similar conditions? Would it be possible, given higher piecework price lists, to reduce the number of cases in which recourse is had to "allowances" for abnormal places? What should be the relation between the different grades of work?

(3) Would it help production if the remnants of "sub-contracting" (butty system) could be eliminated, and all workers were paid directly by the employer, with any division of piecework earnings among a group decided in advance by union agreement?

(4) What agreements are to be arrived at for the new types of machinery? Should workers on power loaders, etc., be paid as ordinary pieceworkers (on the grounds that their work is no harder) or at a higher rate (on the grounds of productivity which may be double that of ordinary methods).

(5) How should wages be increased corresponding to the productivity of the industry? Should any kind of "profit-ascertainment" system be retained, or should wages be determined independently of any kind of sliding scale? The feeling of miners is likely to be in favour of an unconditional wage.

(6) Should payments in kind (coal, houses) be commuted for money?

This summary shows clearly enough the complexity of the problems. Their solution will largely decide how effective are the efforts to increase output over the coming period.

BUILDING WAGES

Wage Rates

There are only two standard classes of workers in the building industry: craftsmen and labourers. A craftsman is normally one who has served a five-year apprenticeship. Special provision is, however, made for up to 200,000 adult dilutees to enter the industry from Government training centres: they work for six months in a Government training centre and a further 14 months with an approved employer, following which the craftsman's rate is payable.

All craftsmen—bricklayers, painters, plumbers, plasterers, woodworkers—in a given area have the same basic rate of wages. The labourer's rate is fixed at 80 per cent of the craftsman's rate in the given area (having been raised from 75 per cent during the war).

The rate for craftsman (and accordingly the corresponding rate for labourers) varies according to the "grade" in which the town where he works is classified. The number of grades is five at the present time (1946) with additional Inner London rate (paid within 12 miles of Charing Cross) and London rate (12 to 15 miles). Current rates (August, 1946) are as follows:

	Craftsmen		*Labourers*	
	s.	d.	s.	d.
London, within 12 miles' radius	2	7½	2	1¼
" 12 to 15 miles' radius	2	7	2	1
Grade A	2	6	2	0
A 1	2	5½	1	11¾
A 2	2	5	1	11¼
A 3	2	4½	1	11
B	2	4	1	10½

Grading

At the inception of the National Agreement in 1920 there were 17 grades and in 1922 London gained two "super" rates. By the outbreak of the Second World War the number of grades, apart from London, had been reduced to nine, and about 80 per cent of the workers were covered by Grade A rates. During the Second World War the four lowest grades were eliminated, and there are now only five grades, apart from London and Liverpool super grades.

The rates of apprentices were fixed by agreement from November 1, 1945, at the following proportions of the craftsmen's rate:

Age	*% of craftsmen's rate*
15	25
16	33⅓
17	50
18	62½
19	75
20	87½

Young male labourers' rates are fixed as follows as a proportion of the labourer's rate:

Age	*% of labourer's rate*
15	40
16	50
17	75
18	100

Extra Rates

Over and above these minimum rates, there are certain additions payable when a particular type of work is being done. These extra payments may be made to a craftsman when on especially high-grade work; to a labourer when engaged on a particular job requiring special skill (such as scaffolding) or using a particular machine; or to any class of worker when working in uncomfortable or dangerous conditions. The following are examples (from the London Working Rule):

Skilled jobs	*Extra rate per hour* d.
Craftsman when tiling (floor or wall)	2
Bricklayers when cutting or setting gauged brickwork	1
Masons when fixing or working dressed stone or marble	1
Painters when using paint-spraying machines	2
Plumbers when casting lead	2

"Semi-skilled" jobs	*Extra rate per hour* d.
Qualified benders and fixers of bars for reinforced concrete	3 below craftsman
Scaffolders	2 above labourers
Timbermen in trenches over 6 ft. wide to exceed 10 ft. deep	2 above labourers
Using concrete mixers, or pneumatic pick	1 above labourers
Erecting and fixing steel-framed constructional work	2 above labourers

Working Conditions	*Extra rate per hour*
Working at heights: graduated scale beginning at 40 to 90 ft.	1
” ” rising to 250 to 300 ft.	5
Work on ladders above 75 ft.	2
Dirty work, sewers, etc.	1
Work in furnace or refrigerator	2
Work in water	1
Work in swings, cradles, etc.	1
Handling creosoted wood	1

In addition, certain carpenters and plumbers get 2d. a day tool allowance. Where workers are sent to a job from the firm where they sign on they receive travelling allowance, and, where necessary, lodging allowance, as well as payment of expenses, and time as standard rates for one journey.

Semi-skilled

New types of work now arising in the industry in connection with the use of new materials (such as concrete and pre-cast stone) or new machinery (such as concrete mixers, pneumatic picks, bulldozers, calf-dozers, etc.) are, in general, not recognised as skilled men's jobs. The workers who carry out such jobs receive an addition or " plus rate " above the labourer's rate during the hours when they are actually employed on this work, but the rate attaches to the *job* and not to the individual *worker* concerned. Examples of such rates are for timbermen, scaffolders and well sinkers, "recognised as such." Qualified benders and fixers of bars for concrete work get 3d. an hour below craftsmen's rates on satisfying the employer that they have been employed on work of this description for three months.

This type of work is greatly increasing. In terms of houses per man per year, it certainly increases productivity enormously. With every development of concrete housing, light-weight concretes, prefabricated or pre-cast wall panels, steel-framed houses, aluminium houses and the rest, more of these so-called " semi-skilled " jobs come into existence. It cannot be said that the present wage rates encourage the unions to welcome developments of this kind.

Variation of Wages

In 1923 an arbitration award laid down that in future wage fluctuations (apart from the re-grading of districts) were to depend on a sliding scale linking wages with the cost of living: and the principle still stands today. Wage changes outside this scale can be made by way of a " constitutional amendment," which must be submitted in October for consideration by the National Joint Council (the negotiating body) in January.

The war and post-war emergency agreement was based on a cost of living 65 per cent above July, 1914, as a starting point, with variations of ½d. per hour per 6½ points change in the index: variations to be made at four-monthly intervals, instead of twelve-monthly, as in peacetime. The sliding scale was responsible for increases of 3½d. an hour during 1939 to 1945.

The sliding-scale agreement was, however, inadequate to compensate for the real rise in prices. During the Second World War further basic advances (3d. for craftsmen and 3¼d. for labourers) were negotiated, and the labourer's rate was raised from 75 per cent to 80 per cent of the craftsman's. The last of these advances came into effect in July, 1945.

With the cessation of overtime at the end of the Second World War a strong wages movement developed, which centred in London on the unofficial demand for 3s. and 2s. 6d. an hour for craftsmen and labourers (the London rate at that time being 2s. 3½d.). In December, 1945, a further rise of 4d. an hour for craftsmen and 3¼d. for labourers was obtained.

Payment By Results

The building unions have in the past set their faces against piecework and payment by results of any kind. Attempts have been made by employers ever since the 1860s to introduce it. The usual method was sub-contracting: that is, the contract for labour only was given to a worker (the " piece master ") at piece prices, and he engaged others at hourly wages to work under him. This was, and is, strongly opposed by the unions as a method of double exploitation of the worker, and destructive of trade union discipline.

Between the First and Second World Wars a certain amount of piecework went on on unorganised and " jerry-built " jobs. Usually the bonuses were fixed in a rough-and-ready way, and their main effect was to get the workers to " tear up " the job and enable the employer to drop the slowest men. Because of the collective nature of building work, the bonus system was almost always accompanied by the hated " piece-master " system.

During the war, in order to speed up construction on certain emergency jobs (such as camps, airfields, and " Mulberry " harbours), the Government took steps to get payment by results into operation. Since the unions were not prepared to agree to this, the Government introduced a provision that workers on sites and jobs scheduled under the Essential Work Order could be required to operate a system of payment by results. The scheme adopted was a national one, and was not to be varied locally, except for certain increases in accordance with difficult physical conditions. It was restricted to certain specific operations and was normally a collective and not an individual bonus.

Under the Ministry of Works scheme, bonus was payable for all output above a certain fixed hourly level, and was additional to plain-time rates (which were guaranteed in any case). It was calculated on an hourly basis, but ascertained weekly; any hours lost (due to shortage of materials, breakdown of machinery, etc) were paid for at time rates. The worker was guaranteed not less than eight hours' pay per day, in addition to the bonus earned.

Bonusing was done by gangs. There was a standard hourly output per man fixed for each job; for output in excess of this the worker was paid at two-thirds of his time rate (at the time of the agreement) for the time he saved. (Since the bonus was expressed in terms of money, and no additions have been made for wage increases since that date, it is now nearer half than two-thirds of the time saved). The bonus earned was divided among the gang in the ratio 5—4—3 for ganger, craftsmen and labourers.

A different form of bonus was operated on the " Mulberry " harbour units and concrete invasion barges. On " Mulberry " the system was to set a target figure in hours for a whole section, and pay this number of hours, whatever the time taken (unless the time exceeded the target, in which case it was all paid for). On barges, a total target was fixed first and each gang took their allowance from this. All workers concerned (including stewards, tea boys, lorry men) shared in this bonus.

The unions in December, 1946, agreed to discuss the possibility of effective payment by results on the building programme with the employers, but so far no agreement has been reached.

Women In Building

Women have been employed in some building occupations during the Second World War, especially on woodworking and painting. The emergency agreement provided that no woman under 17 should be employed; there is a probationary period of three months, after which the rates are:

On craft processes: 1s. 9d.

On non-craft processes: 1s. 5½d.

Thus " the rate for the job " is not recognised in principle even in the way that it is in, say, the engineering industry relaxation agreements. Hitherto there has not been much difficulty over this, because of the limited character of women's employment. But certain types of prefabricated work—such as doors and cupboards—offer considerable scope for women as woodworkers and painters, and the problem of differing rates may yet become a serious matter.

Working Hours

Normal hours are 44 (8 on weekdays, 8 until 5; and 4 on Saturdays, 8 until 12). Some districts have a provision varying this to allow 42½ in the winter and 46½ in the summer.

Overtime is payable on weekdays: First 2 hours, time and a half; afterwards, double time. Saturday, up to 4 p.m., time and a half; afterwards, till Monday morning, double time. Men working before the usual starting time are paid at overtime rates after the normal hours have been worked. The working of overtime is restricted by the issue of permits by a Local Joint Overtime Committee of unions and employers, and only in trades where there is an abnormal demand for labour.

Night gangs are entitled to 3d. an hour above ordinary rates.

"*Wet Time*" *and Security*

Before the Second World War the interruption of work, due to bad weather, was one of the greatest problems for the workers. Moreover, the existence of a large pool of unemployed workers led employers to be extremely casual in dismissing workers without notice, confident that they would be able to pick up others when they liked.

During the war, on jobs scheduled under the E.W.O., building workers for the first time experienced a secure and steady working week. In 1945 an agreement was negotiated, providing a certain measure of security for peacetime conditions.

Under the new working rule, a worker who is available for work during normal hours (and prepared to work in any other building operation or at another site or shop if his own work is not available) is entitled to be paid for half the time lost due to bad weather, and to receive a total minimum payment (including payment for the hours actually worked) for not less than 32 hours in any one week (overtime and weekend work being excluded). If the succeeding week is wet he is still guaranteed the 32 hours, but if wet time runs on after a complete week has been lost he is required to sign on for unemployment insurance.

Further, a worker after the first week of employment can only be dismissed (after two hours' notice) at the normal finishing time on Fridays (except in case of misconduct) or if the whole contract ends.

The earnings in the industry are still low by comparison with others, and allowing for the effects of bad weather, among the lowest in any industry. Thus over the winter of 1946-47, allowing for bad weather, craftsmen regularly employed in building in the London area are reported to have averaged under £4 a week. The unions at the time of writing are demanding 6d. an hour wage increase for craftsmen and 9d. for labourers, and it is not easy to see what economic justification the National Arbitration Tribunal had for flatly rejecting this claim. The full 44-hour week's guarantee (already operated by Glasgow Council and some others) is an overdue reform which would help to staff new housing in preference to less urgent jobs indoors.

The problem of wage-structure has become extremely acute, since builders on non-local authority jobs (not to mention those in the black market) are in many cases paying bonuses on the side, as well as additional rates over and above the agreed time-wage. Local authorities, on the other hand, are legally prohibited (under Defence Regulation 56AB) from paying any more than the agreed rate. This measure, put forward on the grounds that it would prevent rises in the cost of housing, has had the opposite effect. Building workers have been attracted to low-priority work, while the urgent housing jobs are undermanned.

THE CLOTHING TRADE

The character of the work in the clothing industry varies greatly according to the type of firm and the methods of production. At one extreme is the completely handicraft section of the trade, based on the individual skilled workman responsible for the cutting and making of an entire garment. At the other is the modern large-scale factory, working on a conveyor system with complete sub-division of the process, so that each worker performs only a single, simple operation (a battledress blouse, for example, being broken down into 47 operations). In between there are a number of firms practising varying degrees of sub-division of the work.

Figures for the proportions in each type of production were given by the *B.O.T. Journal* (29.9.45).

The clothing industry was in the past one of the main centres of subcontracting for labour. This is no longer quite the major problem that it used to be, but before the Second World War it was not uncommon in the West End bespoke trade to find a skilled craftsman (sometimes renting his own place in the workroom) taking on work by the piece and engaging his own semi-skilled helpers on his own terms. The union has campaigned against this method with considerable success, holding that the employer should have the full responsibility for the payment of wages. The small subcontracting master-tailor, however, who provides his own workshop and his own labour, and works on cloth given out by the manufacturer, is still an important factor in the London ladies' tailoring trade, and the unions encounter difficulties through having to negotiate with a small man who himself is dependent on the large contractor.

The wages systems are different in the handicraft and the factory sections of the industry. The handicraft section was one of the first trades in which strong craft trade organisation was built up. It is known that craft organisation among journeymen tailors was well developed in the early eighteenth century, and effective national organisations were formed in the 1860's (amalgamation of clothing unions, though carried a long way in the 1930's, is still not complete).

Wages for the handicraft workers have since the 1860's been based on the principle of a Log—i.e., a set of piecework times agreed, first on a district, later on a national basis. These agreed "log" times form the basis for the awards of the Retail Bespoke Tailoring Trade Board. Fixed piece-rates also apply in the Waterproof Garment section.

The nineteenth century changes of production—introduction of machines, development of "outworking," beginning of clothing factories proper—made it easier to exploit the cheap labour of women, youth and poor immigrants, who were almost always paid straight piecework at very low rates. The introduction of the Trade Boards Act in 1909 established minimum *hourly* rates for tailoring and made them enforceable by law. Hourly rates (the " piecework basis time rate ") are still the basis for fixing minimum piecework prices.

Wages throughout the industry are now governed by the Wages Council minima. It is, however, usual for the employers and the unions to reach agreement first (in the main sections at any rate) and refer the agreement to the Wages Council for ratification and statutory enforcement afterwards.

In individual shops and branches where organisation is strong, rates well above the Trade Board minima are paid. Skilled handicraftsmen working in small shops often have less good conditions than workers in the larger factories, and their wages may be as much as 3d. per hour lower.

During the war, when wage-rates have on the whole been considerably higher than the legal minimum, wage increases have usually been given on the minimum and not to all workers on their actual rates.

In some firms in the luxury section, individual workers have earned what were considered unusually high wages during the war on non-utility production at a time when utility prices were closely controlled; one of the union's organisers, Mr. J. L. Fine, stated that " the highest average earnings have seldom exceeded £15 less income tax " (*Garment Worker*, November, 1945), at a time when the agreed London *rate* for measure cutters was only 103/-. Generally, however, wages are low even by comparison with other industries.

Average Hourly Earnings, October, 1946

	Men (21 & *over*)	*Youths* & *boys*	*Women* 18 & *over* *Counting two part-timers as one full-timer*	*Girls*	*All Wkrs.*
	d.	d.	d.	d.	d.
Ready-made & Wholesale Bespoke ...	35.7	12.5	19.9	11.3	21.3
Retail Bespoke—Firms employing 10 or more workers	33.0	—	18.0	8.5	20.0
Firms employing less than 10 workers ...	34.4	—	18.0	8.3	23.3
All firms supplying returns	33.4	—	18.0	8.4	20.7
Dress Making & Millinery — Firms employing 10 or more workers	37.8	—	20.8	11.0	18.7
Firms employing less than 10 workers ...	—	—	20.4	8.6	18.3

Average Hourly Earnings, October, 1946

	Men (*21 & over*) d.	*Youths & boys* d.	*Women* 18 & *over Counting two part-timers as one full-timer* d.	*Girls* d.	*All Wkrs.* d.
All firms supplying returns	37.7	—	20.8	10.9	18.6
Shirts, Collars, Underclothing, etc. ...	30.6	11.6	17.7	10.7	18.1

The present agreement, arrived at in February, 1946, provides for a reduction in normal hours from 48 to 44. There is no guaranteed weekly wage, and the trade is a highly seasonal one.

The majority of the workers in the clothing trade as a whole are normally women, and a very high proportion young girls. The census taken in June, 1942, showed only 14 per cent were male workers: 32 per cent were girls under 18, and 18 per cent women 19-25, so that 50 per cent of the labour force consists of young women under 25. The same low proportion of men was indicated in the Census of Production for 1935.

The proportion of men was highest in the women's heavy clothing section, which has a very small percentage of firms working conveyor systems and a comparatively high proportion on individual work. It was particularly low in the shirt, collar and underwear section, which is far the most highly mechanised and in which 26 per cent of the firms are using conveyors (according to the Board of Trade enquiry); women's earnings in this section are lowest of all. In the women's light clothing a very high proportion of women and girls are also employed.

In regard to the use of women's labour, the industry can be divided roughly into two—London and Leeds on the one hand, Wigan and other centres on the other. In London and Leeds the cutting, pressing and tailoring is done mainly by men. In Wigan and other areas women are employed on every job except cutting, and there are heavy clothing factories where only women are employed on the production side. The growing subdivision of labour is further encouraging the transfer of jobs to women, and it is becoming increasingly difficult to establish any job as being one customarily done by men over the country as a whole.

Wages Councils and Minimum Rates

The industry has six Wages Councils, covering the following sections:—

Readymade and Wholesale Bespoke Tailoring
Shirt, Collar and Tie Making

Wholesale Mantle and Costume
Corsets
Dressmaking and Women's Light Clothing.
Hat, Cap and Millinery

The rates for the first four are roughly on a comparable level: the light clothing section has not yet obtained the 44-hour week, and hourly wages are lower than in the other sections.

Thus a woman machinist in readymade tailoring receives a minimum of 1s. 3d. an hour after four years' learnership. In retail bespoke dressmaking a woman machinist receives only 1s. 0¾d. in London (1s. 0¼d. in other towns, and 11¼d. in towns under 10,000 inhabitants) unless she is a skilled worker who has both completed four years' learnership and two years' experience in the trade, and is able to take garments straight from the fitter and make them up without close supervision; in that case she is entitled to a rate of 1s. 2¼d. in London, 1s. 1¾d. in other towns, and 1s. 0¼d. in the smallest towns—not a very suitable rate for a skilled worker.

The wholesale branch of the dressmaking trade is also low-paid.

	Ready-made Tailoring		*Wholesale Dressmaking*	
	s.	d.	s.	d.
Women:				
Ordinary machinist	1	3	1	0½
Conveyor-belt machinist	1	4½	1	1½
Learners:				
First six months		6¾		5¼
Third year		10½		8½
Fourth year	1	0		10½
Men:				
Cutters	2	2	2	0¼

The N.U.T.G.W. has announced that it will press strongly for the dressmaking trade to be raised into line with the other main sections at an early date.

In the heavy clothing sections (covered by the Readymade and Wholesaler Bespoke Tailoring and the Wholesale Mantle and Costume Trade Wages Councils) the wages structure for women workers is based on a time-rate of 1s. 3d. an hour (55s. per 44-hour week) for ordinary adult workers—machinists, baisters, under-pressers, etc. This includes home workers. The piecework basis time-rate for this grade is 1s. 5d. an hour—i.e., piecework prices must yield not less than 1s. 5d. an hour to an ordinary worker. Machinists on a conveyor belt are entitled to a time-rate of 1s. 4½d. (60s. 6d. per 44-hour week) in consideration of the intensified work. Women cutters (where they exist), trimmers and fitters-up over 20 years of age, are entitled to 1s. 4d. an hour—this compares with a rate of 2s. 2d. an hour (94s. 5d. a week) for men on similar work.

Men's rates for the less-skilled grades of work are graded according to age and experience (adult wage being paid at 22). The lowest man's wage (porters, etc.), is now 1s. 9½d. (78s. 10d.). A packer, after not less than two years' adult experience (i.e., at 24 years) gets a rate of 1s. 11½d. (86s. 2d.), and a warehouseman 2s. 0¼d. (88s. 11d.) on a similar basis.

Taking basic productive workers (outside London) the plain machinist or under-presser (i.e., one who presses the garment at intermediate stages, but does not press off the whole garment when completed) gets a rate of 1s. 11d. (84s. 4d.). The main body of men employed on production, classified as cutters, knifemen, tailors (who do the hand sewing), fitters-up, pressers, machinists (doing the more complicated work), passers (who inspect the work at various stages) get 2s. 2d. an hour or 95s. 4d. a week. The highly skilled "measure cutter," capable of taking all measurements and cutting out the garment accordingly, is paid 2s. 4d. an hour (102s. 8d.), or in London, 2s. 5¾d.

Piecework Prices

A feature of the wage structure is the very small differential between plain time-rates and piecework basis time-rates (the latter being the minimum rate which an ordinary pieceworker should be able to earn, and which is taken as the guide in fixing piecework prices to comply with the Trade Board regulations). The time-rate and piecework basis time-rate compare as follows for some typical grades:—

	Time-Rate		*Piecework Basis Time-Rate*	
	s.	d.	s.	d.
Men:				
Measure Cutter	2	4	2	6
Knife Cutter, Tailor, Presser, Machinist, etc.	2	2	2	3½
Measure Cutter (London)	2	5¾	2	7¾
Stock Cutter (London)	2	3¾	2	5¾
Women:				
Machinist	1	3	1	5

Until 1945 the differential for most grades was only 1d. an hour. The union has been trying to increase the differential payment for pieceworkers, and its 1945 wage application included a demand for piecework prices to be fixed to yield an ordinary worker 25 per cent above plain time rates. This was rejected, although a slight increase in the piecework differential (to 2d. an hour for most grades) was conceded. An "ordinary worker," the union now claims, should mean not the average, but the slowest worker, apart from those for whom the employer has received a certificate of exemption on the grounds that he is disabled or infirm, and therefore, incapable of normal output.

A particularly severe problem arises with the conveyor belt machinists who are entitled to 1s. 4½d. an hour under the new agreement, or ½d. less than the pieceworker's time rate. This is a reversal of the principle the union was able to win in 1937 that the time rate for conveyor workers should be equal to the piecework basis time rate.

The minimum piecework rate determines piecework earnings much more closely in an industry like clothing, with its proportion of home and backstreet workshop production, and the low standard of rates generally, than in a strongly-organised industry like engineering. The N.U.T.G.W. has had a long and hard fight, which still continues, to improve on a position where workers have in practice to produce at piecework speed in order to earn what are virtually time wages.

In organised shops, a variety of piecework and bonus systems prevail. The union branch officials are brought in to settle new bonus schemes and revisions of existing ones, but there is no agreement guaranteeing that piece rates once established will not be altered unless there is a change in methods or conditions.

Unequal Pay for Women

The exploitation of women's labour is the outstanding fact of the clothing wages structure. Women on identical jobs with men get little over half the men's rate, and their low wages undoubtedly form a brake on the men's rate also. Thus a woman machinist in tailoring is rated at 1s. 3d. an hour, a man on exactly the same work at 2s. 2d.

The union in 1945 attempted to get a "levelling-up" of women's rates towards those of men by claiming a wage rise of 20s. for women and only 10s. for men. The final settlement, however, gave 3½d. to the timework woman machinist and the male porter, 4d. to other productive grades on timework, and 4½d. to pieceworkers, so that the gap remained as wide as ever (though proportionately it was, of course, a little smaller).

Young Workers

Since no less than a third of the industry's labour force are girls under 18, and the worker is required to go through a four years' "learnership" period before qualifying for the adult rate (or three years for those entering after the age of 18), it is clear that a high proportion of the basic productive work is carried on at learners' rates, which are very low. The employer is required to obtain a certificate from the Board that a young worker is really a learner, i.e., that he (or she) is employed all or part of her time in learning the trade and that he provides reasonable facilities for her to do so. But there is no precise definition as to what constitute "reasonable facilities" for learning. A young worker may be, and often is, employed as a learner for months or even years on a single simple operation, such as sewing on buttons. Learners, indeed, form the basic productive labour for such jobs throughout the trade. Only a small minority of workers, under present conditions, acquire an all-round knowledge of the main processes. A four-year learnership, for a trade in which the average woman worker spends only five or six years as an adult, means the exploitation of youth as cheap productive labour.

The union is now endeavouring to get an improved standard of training established for all young workers.

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